



GABELLI
MERCHANT PARTNERS PLC

Gabelli Merchant Partners Plc
Half-Yearly Financial Report
For the six months ended 31 December 2025

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Portfolio Summary

Largest Portfolio Security holdings (excluding cash and cash equivalents)

Security ¹	Offsetting short position ²	As at 31 December 2025			% of total portfolio ³ (net)
		% of total portfolio ⁶ (gross)	Market value ⁴ \$000	Offsetting market value ⁵ \$000	
U.S. Treasury Bill 12 Mar 2026		12.1	8,443	-	12.1
U.S. Treasury Bill 19 Mar 2026		7.1	4,963	-	7.1
U.S. Treasury Bill 27 Jan 2026		6.4	4,489	-	6.4
U.S. Treasury Bill 05 Mar 2026		4.3	2,982	-	4.3
U.S. Treasury Bill 14 May 2026		4.2	2,962	-	4.2
U.S. Treasury Bill 15 Jan 2026		4.1	2,896	-	4.1
Frontier Communications Parent Inc		3.9	2,720	-	3.9
U.S. Treasury Bill 26 Mar 2026		3.5	2,480	-	3.5
U.S. Treasury Bill 25 Jun 2026		3.5	2,458	-	3.5
Dayforce Inc		2.6	1,850	-	2.6
Chart Industries Inc		2.6	1,784	-	2.6
Electronic Arts Inc		2.5	1,767	-	2.5
Exact Sciences Corp		2.3	1,620	-	2.3
Avidity Biosciences Inc		2.2	1,526	-	2.2
U.S. Treasury Bill 29 Jan 2026		2.1	1,496	-	2.1
Cidara Therapeutics Inc		2.1	1,469	-	2.1
Hologic Inc		1.9	1,296	-	1.9
Cyberark Software Ltd		1.8	1,276	-	1.8
TXNM Energy Inc		1.8	1,269	-	1.8
Sealed Air Corp		1.6	1,114	-	1.6
Sub-total Top 20 Holdings		72.6	50,860	-	72.6
Other holdings ⁷		27.4	19,028	(73)	27.4
Total holdings		100.0	69,888	(73)	100.0

1 Long position.

2 Offsetting position taken, based on the acquirer of the security when acquirer stock is being offered in whole, or in part, to finance the transaction.

3 Represents the total position value (market value plus the offsetting market value) as a percentage of the total portfolio value.

4 Market value of the long position.

5 Market value of the offsetting position.

6 Represents the market value as a percentage of the total portfolio value.

7 Includes derivatives and individual positions worth less than \$750 thousand in market value.

Portfolio allocation as at 31 December 2025

	%
Equities	50.9
Fixed income	48.9
Derivatives (contracts for difference)	0.2
Total	100.0

Financial Highlights

	(Unaudited) As at 31 December 2025	(Unaudited) As at 31 December 2024	(Audited) As at 30 June 2025
Performance			
Net asset value per share ¹	\$ 10.69	\$ 10.21	\$ 10.50
Dividends per share paid during the year ²	\$ 0.10	\$ 0.16	\$ 0.18
Share price ³	\$ 8.50	\$ 8.00	\$ 9.05
Discount to Net Asset Value ^{4,5}	20.49%	21.09%	13.81%
	(Unaudited) Half year ended 31 December 2025	(Unaudited) Half year ended 31 December 2024	(Audited) Year ended 30 June 2025
Total returns			
Net asset value per share ^{5,6}	2.79%	2.65%	6.51%
U.S. 3-month Treasury Bill Index	3.65%	4.34%	4.34%
Share price ^{5,7}	(5.01)%	(9.08)%	3.11%
	(Unaudited) Half year ended 31 December 2025	(Unaudited) Half year ended 31 December 2024	(Audited) Year ended 30 June 2025
Per Share Returns			
Total return per share	\$ 0.29	\$ 0.25	\$ 0.63
	(Unaudited) Half year ended 31 December 2025	(Unaudited) Half year ended 31 December 2024	(Audited) Year ended 30 June 2025
Ongoing charges^{5,8}			
Annualised ongoing charges	1.89%	2.09%	2.00%

Source: Portfolio Manager (Gabelli Funds, LLC), verified by the Administrator (State Street Bank and Trust Company).

- 1 Net Asset Value (NAV) includes deferred tax asset balance sheet adjustments resulting from the Group being a close company.
- 2 The dividend paid during the half year ended 31 December 2025 was the second interim dividend for the fiscal year 30 June 2025. The Board has continued to review and assess the Group's distribution policy.
- 3 See the Statement from the Chair for discussion regarding the Specialist Fund Segment of the London Stock Exchange, on which the Group's Ordinary Shares trade.
- 4 The amount by which the market price per share is lower than the NAV per share, expressed as a percentage of the NAV per share.
- 5 These key performance indicators are alternative performance measures. Further information regarding the use of alternative performance measures can be found in the Annual Report and Accounts for the year ended 30 June 2025.
- 6 Net Asset Value per ordinary share, total return represents the theoretical return on NAV per ordinary share, assuming that dividends paid to shareholders were reinvested at the NAV per ordinary share at the close of business on the day shares were quoted ex-dividend.
- 7 Share Price Total Return represents the theoretical return to a shareholder, on a closing market price basis, assuming that all dividends received were reinvested, without transaction costs, into the ordinary shares of the Group at the close of business on the day the shares were quoted ex-dividend.
- 8 Ongoing Charges are operating expenses incurred in the running of the Group, but excluding financing costs. These are expressed as a percentage of the average net asset value during the period and this is calculated in accordance with guidance issued by the Association of Investment Companies.

Statement from the Chair

Introduction

Gabelli Merchant Partners Plc (the “Company” or “GMP”) was incorporated in England and Wales on 28 April 2017. Its shares trade under the symbol “GMP” and have been listed on the Specialist Fund Segment of the Main Market of the London Stock Exchange and the Official List of the International Stock Exchange since 19 July 2017. In 2025 the Company changed its name from Gabelli Merger Plus+ Trust Plc to Gabelli Merchant Partners Plc.

The Company’s objective is to generate total returns, consisting of capital appreciation and current income. Its secondary objective is the protection of capital, uncorrelated to equity and fixed income markets. The Company has broad and flexible investment authority and, accordingly, it may at any time have investments in other related or unrelated areas.

The Company is classified as an investment company and accordingly is a member of the Association of Investment Companies (“AIC”). GMP is a close company and its largest shareholder, Associated Capital Group, Inc., is intent on continuing with the listed vehicle and growing value in the markets in accordance with the investment policy.

The Company’s Ordinary Shares trade on the Specialist Fund Segment of the London Stock Exchange. Secondary liquidity for the Company’s Ordinary Shares is available via the trading system known as SETSxq, which is an auction-based trading process. It is quote based throughout the day, until the auctions at U.K. times: 8am, 9am, 11am, 2pm and 4:35pm, when buyers and sellers can cross orders with each other. As there is no market maker, absent a “match” in prices, a trade would not occur. The closing market price is based on the last actual trade on the day or from any previous trading session when the last trade occurred. Thus, there would have to be a match at the prescribed auction times to “meet” on price and quantity for an execution to occur.

As a listed investment company, the Board operates policies designed to safeguard the value of shareholders’ investment. In particular, the Board may initiate a buyback programme when the Company’s share price represents a material discount.

Performance

The Company’s Net Asset Value (“NAV”) was \$10.69 per share at 31 December 2025, representing a return of 2.79% for the half year ended then ended. The Company has provided a total return of 48.79% since issuance. This includes the costs of the issue resulting in a starting NAV of \$9.92 per share compared with the issue price of \$10.00 per share, and initial closing market price of \$10.15 per share.

Expansion of Operating Investment Activities

In November 2024, the Company acquired an affiliated UK investment manager, Gabelli Securities International UK Limited (“GSIL UK”), a limited company organised and existing under the laws of England and Wales. GSIL UK is a regulated investment manager, positioning GMP to increase sources of income, allowing for both self-management and the broadening of services to affiliated and third parties.

Dividend History

Since its listing, the Company has paid dividends of \$3.15 per Ordinary Share, totalling \$29.4 million.

Fiscal Year	2025	2024	2023	2022	2021	2020	2019	2018
Dividends per share	\$ 0.28	\$ 0.48	\$ 0.12	\$ 0.48	\$ 0.48	\$ 0.48	\$ 0.48	\$ 0.35
Total dividends paid (millions)	\$ 1.9	\$ 3.3	\$ 0.8	\$ 4.9	\$ 4.9	\$ 5.0	\$ 5.0	\$ 3.6

* Subsequent to 31 December 2025, the Company approved an interim dividend of \$0.10 per ordinary share with ex-date 12 March and payment date 27 March. This dividend was the 26th dividend made since listing and demonstrates the Company’s ongoing commitment to distributing value to shareholders in the form of cash.

The Company expects to make future dividend payments based upon profits, subject to continuous review by the Board.

Loyalty Programme

The Company has implemented a Loyalty Programme to incentivise long-term share ownership. The Loyalty Programme is open to all shareholders who are entered in the Loyalty Register, a separate register to allow a shareholder to increase its voting power after holding shares for a continuous period of at least five years. Each shareholder so registered will be entitled to subscribe for one Special Voting Loyalty Share in respect of each Ordinary Share held. These shares can also be used as a form of consideration when entering into one or more agreements to acquire operating businesses in accordance with the Investment Policy. As of 31 December 2025, Associated Capital Group, Inc. is subscribed for 6,179,100 Special Voting Loyalty Shares, the maximum amount it was permitted under the Loyalty Programme.

Outlook

The bull market in U.S. stocks continued to broaden during the fourth quarter. Market participation improved in the 4th quarter of 2025, with more than 80% of S&P 500 stocks closing the year above their 200-day moving averages, up from 60% entering the quarter. Value stocks modestly outperformed growth, and sector leadership shifted to Healthcare, Financials, and Transports in the U.S. Internationally, most developed-market stock indices recorded low-to-mid single digit returns in the fourth quarter leading to full-year performance which, for the first time since 2022, exceeded the U.S. market.

The continued resiliency shown by the global economy has led various industry participants to expand their businesses, even seeking transformational deals. A fairly benign credit environment has also been supportive of M&A. However, several macro factors, including a lengthy U.S. government shutdown and geopolitical tensions, continued to weigh on market sentiment. As the new year develops, it is expected that impact of last year's tax bill and tariff dynamics will allow strong M&A activity to continue well into 2026.

In the current environment, it is strategically advantageous to allocate a portion of the Company's assets to U.S. Treasury bills due to the numerous benefits they offer. Treasuries stand out for their ability to provide competitive returns when compared to other fixed-income securities and given their short-term nature allows for frequent reinvestment at prevailing interest rates, potentially maximizing the overall yield of the portfolio over time. Moreover, Treasuries are highly liquid and can be easily bought and sold without significantly affecting their value. This liquidity not only enhances the flexibility of the Company's investment strategy but also allows for swift adjustments in response to changing market conditions.

As 2026 gets underway, markets are adjusting to the reality of an upcoming transition in Federal Reserve leadership, with Chair Powell's term ending on May 15, 2026. While there has been public discussion about a more aggressive policy direction as per the current administration, market pricing continues to reflect an expectation of continuity. Rather than positioning for a sharp change in approach, markets appear to expect the next Fed Chair to broadly follow a similar framework: measured, data-dependent, and cautious in adjusting policy.

Overall, the outlook suggests an economy that is slowing in an orderly way, not under stress. Inflation continues to cool, and the labour market is easing in a manner that looks more like normalization than weakness. If these trends continue, additional rate cuts are still likely, but they are expected to be fewer and more spread out than markets once assumed. That backdrop should keep pressure on front-end yields over time, while longer-term rates are likely to stay range-bound unless growth slows more meaningfully or inflation falls faster than expected. With no urgency to adjust policy, the Fed has room to move carefully, reinforcing a measured easing cycle as the economy finds a more balanced pace and the bond market looks for clearer direction ahead.

I extend a welcome to all our shareholders for the next phase of the Company's exciting growth.

Marc Gabelli
Co-Chairman
5 March 2026

John Birch
Co-Chairman

Interim Management Report and Responsibility Statement

We share this Half-Yearly Report to Shareholders, encompassing the period from July 2025 through December 2025, and note certain developments post calendar year end. This period included several important updates for the Gabelli Merchant Partners Plc and its wholly owned subsidiary GSIL UK (the “Group”) as included in the Statement from the Chair, which includes:

- On 14 November 2025 the Group paid the interim dividend in respect of the financial year ended 30 June 2025 of \$0.10 per ordinary share.
- On 5 March 2026 the Board declared the first interim dividend for the financial year ended 30 June 2026 of \$0.10 per ordinary share. The dividend will be paid on 27 March 2026 to shareholders of record on 13 March 2026.
- Although the Group no longer meets the requirements of Section 1158 of the Corporation Tax Act 2010 to be an investment trust, it continues to conduct its affairs as an investment company.

On behalf of the Board of Directors, we thank investors for entrusting a portion of their assets with Gabelli Merchant Partners Plc. We appreciate your confidence in the Gabelli long-term oriented investment method.

The Portfolio Manager’s Review provides details of the important events that have occurred during the period and their impact on the financial statements.

Company Considerations

Investors should note the difference between book and accounting value. Deferred tax assets (“DTA”) can be used to offset certain taxes as applicable in the United Kingdom. And as such, based on a continuing level of activity the DTA are expected to be utilised over the near future resulting in the company not paying UK tax for this year.

As a result of Associated Capital Group, Inc.’s ownership of 92.7% of shares in issue, the Company is a consolidated subsidiary for Associated Capital Group, Inc.’s financial reporting purposes. As such, activities of the Group and of Associated Capital Group, Inc. could be deemed related parties for purposes of this disclosure.

Investors should note that as a close company with Associated Capital Group, Inc. controlling greater than 90% of shares that Associated Capital Group, Inc. may be able to ensure the approval of shareholder resolutions.

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Group fall into the following broad categories: investment portfolio; global macro events; operational; market and share price; financial; corporate governance and regulatory compliance; taxation; emerging and geopolitical risks. The global macro event category includes specific market and operational risks associated with the geopolitical conflicts, which continue to cause uncertainty and disruption across global economies and markets. Information on each of these identified risk areas, including mitigating actions taken by the Group, was provided in the Strategic Report in the Group’s Annual Report and Accounts for the year ended 30 June 2025.

The Directors together with the Manager will continue to monitor business continuity and resilience processes with the objective of mitigating any potential impacts arising from various ongoing geopolitical conflicts.

Related Party Disclosure and Transactions

During the period, other than fees payable by the Group in the ordinary course of business, there have been no material transactions with related parties which have materially affected the financial position or the performance of the Group.

Going Concern

The Board have closely monitored the impact of the various geopolitical events as the related continuing uncertainty has short- and potentially medium-term implications for the Group's investment strategy. Additionally, the Board is monitoring the period ahead on the basis of the Group not having investment trust status and its implications on the Group's investment return profile over the longer term. In context, the Board continuously monitors the Group's investment portfolio, liquidity and gearing, along with levels of market activity, to appropriately minimise and mitigate consequential risks to capital and future income such as geopolitical risks, financial risks etc. Taking these factors into account, the Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its expenses as they fall due. For these reasons, the Directors consider there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts as at 31 December 2025.

Directors' Responsibility Statement

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the Half-Yearly Financial Report has been prepared in accordance with applicable International Accounting Standard 34 – 'Interim Financial Reporting' (IFS) as contained in UK-adopted international accounting standards; and
- the Interim Management Report, together with the Portfolio Manager's Review, include a fair review of the information required by 4.2.7R and 4.2.8R of the Disclosure Guidance and Transparency Rules.

This Half-Yearly Financial Report has not been audited or reviewed by the Group's auditors.

The Half-Yearly Financial Report was approved by the Board on 5 March 2026 and the above responsibility statement was signed on its behalf by the Co-Chairmen.

Marc Gabelli
Co-Chairman
5 March 2026

John Birch
Co-Chairman

The Search For Value – Gabelli Merchant Partners Plc Investment Methodology

Process in Action

Gabelli Funds' approach to the global marketplace is to invest like owners. Our clients own businesses through the fractional interest of a share. We are not index benchmarked, and construct portfolios agnostic of market capitalisation and index weightings. We seek long-term capital appreciation for our clients relative to inflation over the long term, regardless of market cycles. We have invested this way since 1977.

The Gabelli Merchant Partners portfolio offers access to companies that have been identified to have substantial disconnects between market price and our estimate of the business value (private market value™, or "PMV™") and where catalyst events exist that may narrow these discounts for the benefit of GMP shareholders. We thus establish a "Margin of Safety" for our investors by identifying differences between our estimate of PMV and the stock market price. The process seeks to identify businesses undergoing some form of strategic change, typically with strong organic cash flow characteristics, balance sheets reorganizational opportunities, and strategic operational flexibility accelerated with the prospect of management capital allocation actions.

Catalyst merger events can come in many forms including, but not limited to, corporate restructurings (such as demergers and asset sales), operational improvements, regulatory or managerial changes, special situations (such as liquidations), and mergers and acquisitions. Corporate mergers provide valuable insights into corporate capital allocation decisions and therefore help in our assessment of long-term valuations. Our proprietary research data bases track thousands of announced deals globally and utilises that compounded knowledge in the continued refinement of Private Market Valuations. PMV's will change over time, and while our analysis is long term, it is through this consistent process of bottom up stock selection and the implementation of disciplined portfolio construction that we expect to create value for our shareholders annually.

In this process, we do sector-by-sector analysis, assessing the PMV of a business, and identifying the catalyst in place to realise returns. A company's PMV is not constant, and changes as a function of many variables. Our analysis emphasises balance sheets, cash flows, and the long-term defensible position of a corporation. We achieve returns through investing in businesses utilising our proprietary Private Market Value with a Catalyst™ methodology. PMV is the value that we believe an informed buyer would be willing to pay to acquire an entire company in a private transaction. Our team arrives at a PMV valuation by a rigorous assessment of fundamentals from publicly available information. Further, PMV's are enhanced through the analysis of announced corporate mergers and acquisition activity. Mergers offer tangible insights into the long-term capital allocation decisions of global corporations. We focus on the balance sheet, earnings, free cash flow, and the company's management, the stewards of corporate assets, of prospective companies. The judgement gained from our comprehensive, accumulated knowledge across a variety of sectors is deployed for investors in a portfolio. Our analysts typically forecast model company operations 5 years into the future. Unlike Wall Street's earnings momentum players, we do not try to forecast earnings with accounting precision and then trade stocks based on quarterly expectations and realities. We simply try to position ourselves in front of long-term earnings trends. Throughout our research process, the focus is on free cash flow: earnings before interest, taxes, depreciation and amortization ("EBITDA") minus the capital expenditures necessary to grow the business. We believe free cash flow is the best barometer of a business' value. Deteriorating or rising free cash flow often foreshadows net earnings changes. We also look at earnings per share trends. In addition, we analyse on and off-balance sheet assets and liabilities such as property, plant and equipment, inventories, receivables, and legal, environmental and health care issues. We want to know everything and anything that will add to, or detract from, our valuation models. This method of analysis involves looking at businesses as a function of their assets and earnings power. We examine businesses as if we were owners of those businesses, and we believe that we can do that in a rational way by looking at industries on a global basis. Our investment professionals visit with hundreds of companies each year. Our work is proprietary, bottom up, and involves the full utilisation of public resources.

Our analysts follow industries on a global basis and narrow the universe of potential investment candidates to a short list of the most attractive companies. All publicly available company material is reviewed, including annual and quarterly reports, 10-Ks, 10-Qs, and proxy statements.

Each analyst develops an operational understanding of their industry, effectively becoming an expert in that industry. The analysts hone this expertise by continually visiting companies and their senior managements, and by talking to competitors, suppliers and customers. They also develop and maintain government and trade sources to derive an overall understanding of their industry. In addition, our firm hosts a number of industry seminars, where the top executives of the leading firms share their insights with the investment community.

The objective of this process is to identify companies that trade at significant differences to their intrinsic or private market values.

We continually visit the management of hundreds of companies and integrate their input with our knowledge base. Our goal is to understand management's motivations and expectations. Given our approach, we want to know who our partners are and if they are working to enhance shareholder value. This process, coupled with our financial analysis, helps us select the most attractive investment candidates for our portfolios.

We employ a three-dimensional approach to valuation:

- Earnings per share
- Free cash flow
- Private market value

The first step is to analyse the income statement and cash flow. Cash flow is viewed as a barometer of financial health, and often foreshadows earnings trends. We attempt to forecast the direction and growth rates of the earnings and cash flow streams.

The second step is to examine the balance sheet. The corporate balance sheet is recast, assessing real-world values of inventories, property, plant and equipment and stated book value. To these two analytical processes, dynamic forecasting and static asset and liability valuation, we add our assessment of the PMV of the business. In other words, what would this company be worth to an informed business person attempting to create or purchase a business with similar characteristics?

Catalyst: Identification of a mispriced situation, however, does not necessarily guarantee a rewarding investment. The next step is to determine events in businesses undergoing some form of strategic change that will help narrow the spread between a stock's public market price and our determination of its PMV. We call these events catalysts. Catalysts include industry events such as consolidation, changes in the regulatory or accounting environment, new technologies, or be indigenous to the company itself such as financial engineering, demergers, acquisitions or sales.

Results: After we have identified and selected stocks that qualify as candidates based on these fundamental and conceptual considerations, our objective is to structure a diversified portfolio. This has been a proven long-term method for creating wealth, risk adjusted, in the stock market.

Manager History

The Gabelli organisation, of which Gabelli Funds, LLC (the portfolio manager) is an affiliate, began in the U.S. in 1976 as an institutional value investing research firm. Mario Gabelli, the firm's founder, is credited by the academic community for establishing the notion of Private Market Value, the value an informed industrialist would pay for an entire business in a negotiated transaction. This is a long-term oriented bottom-up investment process based on the fundamental investment principles first articulated in 1934 by Graham and Dodd, the founders of modern security analysis, and further augmented by Mario Gabelli in 1977 with his introduction of the concepts of PMV into equity analysis. Gabelli has added the element of a catalyst event to generate long-term returns. The Gabelli method, PMV with a CatalystTM, is part of the Value Investing Curriculum at many major business schools and is thus applied in the analysis of public equity securities by Gabelli Funds for shareholders.

Portfolio Manager's Review

Methodology

The Group will seek to meet a long-term investment objective by utilising the Gabelli Private Market Value (PMV) with a CatalystTM investment methodology, investing as owners, with an emphasis on cash generating, franchise companies, selling at a significant discount to our appraisal of their Private Market Value and with a Catalyst in place to generate returns. We define Private Market Value (PMV) as the value an informed industrialist would pay to purchase assets with similar characteristics in a privately negotiated transaction. Catalysts are identifiable events, either specific to a corporation or macro and are utilised to earn returns independent of the broad markets' direction. Such events include corporate actions such as, but not limited to, management changes, announced mergers, acquisitions, takeovers, tender offers, leveraged buyouts, restructurings, demergers and other types of reorganisations and corporate actions ("deals"). The Company may take both long and short positions in equity and debt securities. The Company may take minority or majority controlling operating interests of equity in a business, and in adverse market conditions may justify a temporary defensive position and remain in government securities. While taking a long-term view, the Company may realise opportunities from hedging or for shorter-term gains when appropriate.

Catalyst driven event arbitrage is a highly specialised investment approach designed principally to profit from the differential, or "spread," between the market price of our investments and the value ultimately realised through event consummation.

We are especially enthusiastic about the opportunities to grow client wealth in the decades to come, and we highlight below several factors that should help drive results. These include:

- Increased market volatility, which enhances our ability to establish positions for the prospect of improved returns
- A robust market for corporate deal making as conditions continue to provide an accommodative market for mergers and acquisitions
- A normalised interest rate environment, providing attractive merger spread opportunities
- The Fund's experienced investment team, which pursues opportunities globally through the disciplined application of Gabelli's investment methodology

Current Outlook¹

Global deal merger and acquisition activity (“M&A”) totalled \$4.6 trillion during 2025, a year over year increase of 49%. This increase was largely driven by the return of the “mega deal”—those greater than \$10 billion—which totalled \$607 billion, an increase of 78% compared to 2024. Deals valued under \$500 million, on the other hand, accounted for \$866 billion during the year, up 6% by value but down 6% in number of deals year over year.

The United States continued to be the most popular venue for transactions. Deals involving United States-based targets totalled \$2.3 trillion during 2025, accounting for 50% of global deal activity. European M&A tallied \$819 billion of transactions over the same period, an increase of 23%. Asia Pacific target M&A totalled \$870 billion—a 47% increase year over year.

Despite tariff concerns, cross-border M&A activity totalled \$1.4 trillion during the year, an increase of 40% year over year. Private equity deals saw an uptick as well, an increase of 30% compared to the same period last year. Private equity accounted for 20% of total deal activity. The Technology sector was the biggest contributor to merger activity during the year, totalling \$843 billion, accounting for 18% of total announced deal volume. The Industrial sector accounted for 15% of deal activity.

Portfolio in Review

U.S. equity markets reached new all-time highs in December, as the S&P 500 returned 17.9% for the full year, bolstered by the passage of the "One Big Beautiful Bill Act," continued AI infrastructure spending, and a stabilizing macro environment.

Against this backdrop, global M&A activity in 2025 surged to nearly \$4.6 trillion—the second-highest year on record—driven by a massive resurgence in megadeals. Deals with targets greater than \$10 billion more than doubled year over year, signalling a fundamental shift in boardroom confidence. This robust environment for corporate consolidation continues to provide a broad opportunity set. Our approach remains focused on identifying deals that will close and capturing the associated spreads, which are earned through the rigorous assessment of merger-specific risks rather than market exposure. By focusing on the successful navigation of regulatory hurdles and closing catalysts, we are able to isolate idiosyncratic returns that remain largely uncorrelated with broader equity indices. This allows us to consistently recycle capital into the most attractive risk-adjusted spreads within the current pipeline.

As we enter 2026, the primary headwinds of recent years—restrictive interest rates and aggressive antitrust enforcement—have fully pivoted into clear tailwinds. The Federal Reserve concluded 2025 with its third consecutive 25-basis-point rate cut in December, bringing the target range to 3.50%–3.75%. This easing cycle has lowered the cost of capital for both strategic buyers and private equity sponsors—the latter seeing a 40% year-over-year increase in deal volume. On the regulatory front, the transition to a more traditional antitrust framework has been validated. While the new administration remains vigilant in specific sectors, the willingness to negotiate remedies and consent decrees where there are potential issues has significantly mitigated deal-break risk and provided the regulatory visibility necessary for large-scale consolidation.

Merger arbitrage spreads remain fundamentally attractive. We have observed a meaningful decrease in deal terminations and a slight uptick in competing bids, both of which enhance the risk-adjusted return profile of the strategy. Even with the Fed’s recent easing, the yield environment remains normalized compared to the prior decade, maintaining a healthy floor for deal spreads across the risk spectrum.

We continue to find high-conviction investment opportunities in a robust pipeline. Our focus remains on highly strategic, well-financed transactions with near-term catalysts. We are upbeat about our ability to generate consistent absolute returns as we head into 2026.

¹ Thomson Reuters M&A Review – Full Year 2025

Notable contributors to performance include:

Media & Entertainment

Paramount Global (PARA-NASDAQ) is a global media, streaming, and entertainment company. The biggest hurdle was receiving final approval from the Federal Communications Commission (FCC) in July 2025, which followed a settlement of outstanding litigation that cleared the path for the change in control. The transaction closed in August 2025. Under terms of the agreement announced in July 2024, shareholders of Paramount Global Class A received \$23.00 in cash or 1.5333 shares of Class B stock in the new Paramount Skydance, while Class B shareholders received \$15.00 in cash or 1.0 share of the combined company, valuing the transaction at approximately \$30 billion.

Packaged Foods

Kellanova (K-NYSE) operates global snacking, international cereal and noodles, and North America frozen foods businesses with brands including Pringles, Cheez-It, Pop-Tarts, and Eggo. The final approval was received from the European Commission in December 2025, representing the last of 28 required international regulatory sign-offs and confirming that the combination would not lead to higher prices for grocery retailers. The transaction closed in December 2025. Under terms of the agreement announced in August 2024, shareholders of Kellanova received \$83.50 cash per share, which valued the company at approximately \$36 billion.

Specialty Chemicals

Covestro AG (ICOV GY-Frankfurt) produces polyurethane and polycarbonate materials for automotive, construction, and electronics industries. Performance was driven by the successful navigation of the EU's Foreign Subsidies Regulation (FSR), which resulted in an in-depth "Phase II" investigation into the state-backed financing from Abu Dhabi. The deal's biggest hurdle was cleared in November 2025 when the European Commission accepted behavioural remedies regarding the removal of an unlimited state guarantee and licensing of intellectual property. The transaction closed in December 2025. Under terms of the agreement, shareholders received €62.00 cash per share, which valued the company at approximately €15 billion.

Exploration and Production

Hess Corp. (HES-NYSE) is an energy company that explores and produces crude oil and natural gas. The largest hurdle for the deal was cleared in July 2025 when a favourable arbitration outcome affirmed that the merger did not trigger a right of first refusal for partners in the Stabroek Block. The transaction closed in July 2025. Under terms of the agreement announced in October 2023, shareholders of Hess received 1.025 shares of Chevron common stock per share, valuing the company at approximately \$53 billion.

Merger investing

Merger arbitrage is a highly specialised component of a portfolio. The investment approach is designed principally to profit from corporate events, including the successful completion of proposed mergers, acquisitions, takeovers, tender offers, leveraged buyouts, restructurings, demergers, and other types of corporate reorganisations and other actions. As arbitrageurs, we seek to earn the differential, or "spread," between the market price of our investments and the value ultimately realised through deal consummation.

Consolidated statement of comprehensive income

(\$000)	Notes	(Unaudited) Half year ended 31 December,		(Audited) Year ended 30 June
		2025	2024	2025
Income				
Investment income	5	1,115	764	1,489
Total investment income		<u>1,115</u>	<u>764</u>	<u>1,489</u>
Gains on investments				
Net realised and unrealised gains on investments	3, 13	2,248	2,239	7,018
Net realised and unrealised currency gains on investments		16	3	-
Net gains on investments		<u>2,264</u>	<u>2,242</u>	<u>7,018</u>
Advisory and distribution				
Investment advisory revenue		1,590	453	1,798
Distribution revenue		682	163	740
Other revenue from affiliate		163	45	192
Total advisory and distribution		<u>2,435</u>	<u>661</u>	<u>2,730</u>
Total revenues		<u>5,814</u>	<u>3,667</u>	<u>11,237</u>
Expenses				
Portfolio management fee	6	(309)	(289)	(585)
Performance fee	6, 14	-	-	(1,301)
Other expenses	6	(2,931)	(1,295)	(3,936)
Total expenses		<u>(3,240)</u>	<u>(1,584)</u>	<u>(5,822)</u>
Net return before finance costs and tax		2,574	2,083	5,415
Interest expense and similar charges		(1)	(1)	(4)
Profit before taxation		<u>2,573</u>	<u>2,082</u>	<u>5,411</u>
Income tax expense	8	(539)	(359)	(1,066)
Profit for the period		<u>2,034</u>	<u>1,723</u>	<u>4,345</u>
Profit per share (basic and diluted)		<u>\$ 0.29</u>	<u>\$ 0.25</u>	<u>\$ 0.63</u>

There were no items related to other comprehensive income for the periods presented.

The notes on pages 15 to 27 form part of these financial statements.

Consolidated statement of changes in equity

					(Unaudited)			
					For the half year ended 31 December 2025			
(\$000)	Notes	Called up Share Capital	Special Distributable Reserve	Retained Reserves	Total Equity			
Balance as at 1 July 2025		104	42,349	30,262	72,715			
Profit for the half year		-	-	2,034	2,034			
Dividends paid	7	-	(693)	-	(693)			
Balance as at 31 December 2025		104	41,656	32,296	74,056			

					(Unaudited)			
					For the half year ended 31 December 2024			
(\$000)	Notes	Called up Share Capital	Special Distributable Reserve	Retained Reserves	Total Equity			
Balance as at 1 July 2024		103	42,593	25,917	68,613			
Ordinary shares created ¹		1	1,003	-	1,004			
Profit for the year		-	-	1,723	1,723			
Dividends paid	7	-	(1,109)	-	(1,109)			
Balance as at 31 December 2024		104	42,487	27,640	70,231			

					(Audited)			
					For the year ended 30 June 2025			
(\$000)	Notes	Called up Share Capital	Special Distributable Reserve	Retained Reserves	Total Equity			
Balance as at 1 July 2024		103	42,593	25,917	68,613			
Ordinary shares created ¹		1	1,003	-	1,004			
Profit for the year		-	-	4,345	4,345			
Dividends paid	7	-	(1,247)	-	(1,247)			
Balance as at 30 June 2025		104	42,349	30,262	72,715			

1 Special Distributable Reserve includes \$1,003 share premium from the issuance of shares to effectuate the GSIL UK acquisition.

The notes on pages 15 to 27 form part of these financial statements.

Consolidated statement of financial position

(\$000)	Notes	(Unaudited)		(Audited)
		As at 31 December,		As at 30 June
		2025	2024	2025
Non-current assets				
Investments held at fair value through profit or loss	3	69,888	61,291	68,117
		<u>69,888</u>	<u>61,291</u>	<u>68,117</u>
Current assets				
Cash and cash equivalents	10	8,556	7,411	5,092
Receivable for investment sold		320	104	178
Receivables from affiliates	15	778	390	551
Other receivables	15	215	219	168
Deferred tax asset	8	1,264	2,415	1,781
		<u>11,133</u>	<u>10,539</u>	<u>7,770</u>
Current liabilities				
Portfolio management fee payable		(52)	(49)	(50)
Performance fee payable		-	-	(1,301)
Payables to affiliates	15	(303)	(310)	(249)
Payable for investment purchased		(488)	(205)	(315)
Other payables	15	(1,282)	(802)	(935)
Bank overdrafts		(4,715)	(35)	(54)
Net current assets		<u>4,293</u>	<u>3,741</u>	<u>4,866</u>
Non-current liabilities				
Investments held at fair value through profit or loss	3	(73)	(146)	(216)
Offering fees payable		(52)	(52)	(52)
Net assets		<u>74,056</u>	<u>70,231</u>	<u>72,715</u>
Share capital and reserves				
Called-up share capital	11	104	104	104
Special distributable reserve		41,656	42,487	42,349
Retained reserves		<u>32,296</u>	<u>27,640</u>	<u>30,262</u>
Total shareholders' funds		<u>74,056</u>	<u>70,231</u>	<u>72,715</u>

The notes on pages 15 to 27 form part of these financial statements.

Gabelli Merchant Partners Plc is registered in England and Wales under Company Number: 10747219

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Gabelli Merchant Partners Plc (the “Company”) is a public limited company incorporated in the United Kingdom on 28 April 2017. The condensed consolidated financial statements for the Group comprise the Company and its subsidiary, Gabelli Securities International UK Limited (“GSIL UK” and together referred to as the “Group”).

The half yearly report has not been audited by the Company’s auditors.

2. Accounting policies

(a) Basis of preparation

The financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The principal accounting policies adopted by the Group are set out below. Where presentational guidance set out in the Statement of Recommended Practice (‘SORP’) issued by the Association of Investment Companies (‘AIC’) in October 2019 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

(b) Basis of consolidation

The Group financial statements consolidate, under IFRS10, the financial statements of the Company and its wholly owned subsidiary, GSIL UK, drawn up to the same accounting date.

The Company continues to meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. In accordance with IFRS 10.32, the Company has consolidated GSIL UK, a wholly owned subsidiary whose primary activity is the provision of investment-related services to third-parties. While this subsidiary does not itself qualify as an investment entity, the services it provides are considered significant. As such, the Company has consolidated GSIL UK in these financial statements from 1 November 2024, being the date on which the Company obtained control, and will continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights. The financial statements of the subsidiary is prepared for the same reporting year as the Company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits from them, are eliminated in consolidation. All other investments continue to be measured at fair value through profit or loss, in line with the requirements for investment entities under IFRS 10.31.

The Company accounted for the acquisition of GSIL UK, an entity under common control of Associated Capital Group, Inc., under the predecessor accounting method as the transaction did not meet the definition of a business combination pursuant to IFRS 3 – Business Combinations and was a transfer of interests between entities under common control. Furthermore, the Company applied the prospective presentation method under the predecessor accounting method. The predecessor accounting method is generally used for group reorganisations and reflects the continuity of control.

(c) Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business.

(d) Going concern

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its expenses as they fall due for a period no less than 12 months from the signing of the balance sheet. The Directors consider there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts as at 31 December 2025. In forming this position, the Directors considered the Group's investment objectives, risk management policies, capital management policies and procedures, the nature of the portfolio and expenditure projections in detail.

(e) Statement of estimation uncertainty

In the application of the Group's accounting policies, the Investment Manager is required to make judgements, estimates, and assumptions about carrying values of assets and liabilities that are not always readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may vary from these estimates. There have been no significant judgements, estimates, or assumptions for the period.

(f) Income recognition

Revenue from investments (other than special dividends), including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex-dividend, or where no ex-dividend date is quoted, when the Group's right to receive payment is established. Franked investment income is stated net of the relevant tax credit. Other income includes any taxes deducted at source. Scrip dividends are treated as unfranked investment income; any excess in value of the shares received over the amount of the cash dividend is recognised in the Statement of Comprehensive Income.

Interest income is accounted for on an accrual basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(g) Expenses

The management fees are recorded as expense in the Statement of Comprehensive Income. Interest receivable and payable and management expenses are treated on an accruals basis. Other expenses are charged to expense on an accrual basis except where they directly relate to the acquisition or disposal of an investment, in which case, they are added to the cost of the investment or deducted from the sale proceeds.

(h) Investments held at fair value through profit or loss

Investments have been designated upon initial recognition at fair value through profit or loss. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned, and are initially measured at fair value. Subsequent to initial recognition, investments are valued at fair value. U.S. Treasuries held for investment diversification purposes are not included as cash equivalents and are valued at their amortised cost. Movements in the fair value of investments and gains/losses on the sale of investments are taken to the Statement of Comprehensive Income.

The Company's investments are classified as held at fair value through profit or loss in accordance with applicable International Financial Standards. Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. The Company shall offset financial assets and financial liabilities if it has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis. Financial assets and liabilities are derecognised when the Company settles its obligations relating to the instrument.

Contracts for Difference (CFDs)

CFDs are recognised in the Statement of Financial Position at the accumulated unrealised gain or loss as an asset or liability, respectively. This represents the difference between the nominal book cost and market value of each position held. Movements in the unrealised gains/losses are taken to the Statement of Comprehensive Income.

(i) Cash and cash equivalents

The Group may invest part of its net assets in cash and cash equivalents, money market instruments, bonds, commercial papers or other debt obligations with banks or other counterparties, having at least a single-A (or equivalent) credit rating from an internationally recognised rating agency or government and other public securities, if the Portfolio Manager believes that it would be in the best interests of the Group and its shareholders. This may be the case, for example, where the Portfolio Manager believes that adverse market conditions justify a temporary defensive position. Any cash or surplus assets may also be temporarily invested in such instruments pending investment in accordance with the Group's investment policy. Cash balances are translated to the reporting currency at the prevailing exchange rate as of the valuation date.

(j) Transaction costs

Transaction costs incurred on the purchase and disposal of investments are recognised in the Statement of Comprehensive Income.

(k) Foreign currency

Foreign currencies are translated at the rates of exchange ruling on the period end date. Revenue received/receivable and expenses paid/payable in foreign currencies are translated at the rates of exchange ruling at the transaction date.

(l) Fair value

Aside from the Group's investment in GSIL UK which follows the equity method, all financial assets and liabilities are recognised in the financial statements at fair value.

(m) Taxation

The tax effect of different items of income/gains and expenditure/losses is allocated under the marginal method, using the Group's effective rate of tax. Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the period end date where transactions of events that result in an obligation to pay more or a right to pay less tax in future have occurred at the period end date measured on an undiscounted basis and based on enacted tax rates. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Group's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods.

At 31 December 2025, after offset against income taxable on receipt, there was a deferred tax asset ("DTA") of \$1.26 million (31 December 2024: \$2.42 million, 30 June 2025: \$1.78 million) in relation to surplus tax reliefs. After the loss of its Investment Trust Status it is now possible for the Group to utilise this DTA in order to shelter capital gains from UK Corporation Tax. In order for the DTA to remain available, the Group must maintain its investment business moving forward. The Group's activities are such that it will have an investment business for UK tax purposes. In particular, the Investment Trust rules require that "substantially all of the business of the Investment Trust company consists of investing its funds in shares, land or other assets with the aim of spreading investment risk and giving members of the company the benefit of the results of the management of its funds". This may be considered analogous to having an investment business. Therefore, given (i) the Group previously received approval from HMRC that this requirement was met, and (ii) the activity of the company is not intended to change, the Group will continue having an investment business and will meet the conditions to carry forward and use its excess management expenses in current and future periods. As such the Group has included the DTA in the financial statements.

(n) Functional and presentation currency

The functional and presentation currency of the Group is the U.S. dollar.

(o) *GSIL UK revenues and expenses*

Effective from the date of acquisition on 29 October 2024, GSIL UK revenues and expenses are included in the Group's Statement of Comprehensive Income. GSIL UK is contracted by Gabelli Funds, LLC to provide certain investment advisory and distribution services to an affiliated fund, accordingly Gabelli Funds, LLC pays GSIL 100% of such revenues from the fund. Distribution expenses relate to marketing expenses incurred by GSIL UK in performing these services. Further, GSIL UK has delegated the investment advisory services to an affiliate of Associated Capital Group, Inc., the cost of these services is reflected in Advisory revenue paid away to affiliate.

(p) *Acquisition of GSIL UK*

Under the predecessor method, the assets and liabilities of GSIL UK were recognised at their existing carrying amounts from the consolidated financial statements of the former parent, and no goodwill was recognised. The Company's investment in GSIL UK is subsequently adjusted by the Company's share of GSIL UK's profit or loss. The Company's investment in GSIL UK is eliminated in the consolidation of the Group accounts.

3. Investments held at fair value through profit or loss

The financial assets measured at fair value through profit or loss in the financial statements are grouped into the fair value hierarchy as follows:

	As at 31 December 2025 (Unaudited)			
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Financial assets at fair value through profit or loss				
Quoted equities	35,323	-	-	35,323
Contingent value rights	221	-	-	221
Derivatives	-	180	-	180
U.S. Treasuries	34,164	-	-	34,164
Gross fair value				69,888
Financial liabilities at fair value through profit or loss				
Derivatives	-	(73)	-	(73)
Net fair value	69,708	107	-	69,815

	As at 31 December 2024 (Unaudited)			
	Level 1 \$ 000	Level 2 \$ 000	Level 3 \$ 000	Total \$ 000
Financial assets at fair value through profit or loss				
Quoted equities	48,542	-	-	48,542
Contingent value rights	117	-	-	117
Derivatives	-	707	-	707
U.S. Treasuries	11,925	-	-	11,925
Gross fair value				61,291
Financial liabilities at fair value through profit or loss				
Derivatives	-	(146)	-	(146)
Net fair value	60,584	561	-	61,145

	As at 30 June 2025 (Audited)			Total \$000
	Level 1 \$000	Level 2 \$000	Level 3 \$000	
Financial assets at fair value through profit or loss				
Quoted equities	36,885	-	-	36,885
Contingent value rights	114	-	-	114
Derivatives	-	182	-	182
U.S. Treasuries	-	30,936	-	30,936
Gross fair value				68,117
Financial liabilities at fair value through profit or loss				
Derivatives	-	(216)	-	(216)
Net fair value	36,999	30,902	-	67,901

There were no transfers between levels for all periods presented.

Fair value hierarchy IFRS 13 requires the Group to classify its financial instruments held at fair value using a hierarchy that reflects the significance of the inputs used in the valuation methodologies. These are as follows:

- Level 1 - quoted prices in active markets for identical investments;
- Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments, credit risk, etc.); and
- Level 3 - significant unobservable inputs

Analysis of changes in market value and book cost of portfolio investments in year

	(Unaudited) Half year ended 31 December 2025	(Unaudited) Half year ended 31 December 2024	(Audited) Year ended 30 June 2025
(\$000)			
Opening book cost	70,401	63,759	63,759
Opening unrealised losses on investments	(2,500)	(6,621)	(6,621)
Opening market value	67,901	57,138	57,138
Additions at cost	117,048	72,272	183,051
Disposals proceeds received	(117,382)	(70,504)	(179,306)
Gains on investments	2,248	2,239	7,018
Market value of investments	69,815	61,145	67,901
Closing book cost	71,599	65,928	70,401
Closing unrealised losses on investments	(1,784)	(4,783)	(2,500)
Closing market value	69,815	61,145	67,901

The Group received \$117,382,000 (31 December 2024: \$70,504,000, 30 June 2025: \$179,306,000) from investments sold in the year. The book cost of these investments when they were purchased was \$115,850,000 for the Group and Company (31 December 2024: \$70,103,000, 30 June 2025: \$172,288,000). Further explanation of the disposal proceeds received in the period can be found in the Net realised and unrealised gains on investments section.

Net realised and unrealised gains on investments

	(Unaudited) Half year ended 31 December 2025	(Unaudited) Half year ended 31 December 2024	(Audited) Year ended 30 June 2025
(\$000)			
Realised gains on investments	1,532	401	2,897
Movement in unrealised gains on investments	716	1,838	4,121
Net realised and unrealised gains on investments	<u>2,248</u>	<u>2,239</u>	<u>7,018</u>

4. Transaction costs

During the year commissions and other expenses were incurred in acquiring or disposing of investments classified at fair value through profit or loss. The total costs were as follows:

	(Unaudited) Half year ended 31 December 2025	(Unaudited) Half year ended 31 December 2024	(Audited) Year ended 30 June 2025
(\$000)			
Purchases	29	38	75
Sales	8	4	25
Total	<u>37</u>	<u>42</u>	<u>100</u>

5. Investment income

	(Unaudited) Half year ended 31 December 2025 \$000	(Unaudited) Half year ended 31 December 2024 \$000	(Audited) Year ended 30 June 2025 \$000
Income from investments			
Overseas equities	144	273	612
Income on short term investments ¹	828	386	728
Other income ²	143	105	149
Total income	<u>1,115</u>	<u>764</u>	<u>1,489</u>

1 Income on short-term investments represents the return primarily on U.S. Treasury Bills. Further information can be found in Note 10.

2 Includes swap income of \$140,000 for the half year ended 31 December 2025, \$65,000 for the half year ended 31 December 2024 and \$73,000 for the full year ended 30 June 2025, respectively.

6. Expenses

	(Unaudited) Half year ended 31 December 2025 \$000	(Unaudited) Half year ended 31 December 2024 \$000	(Audited) Year ended 30 June 2025 \$000
Advisory revenue paid away to affiliate ¹	(1,590)	(431)	(1,776)
Performance Fee ²	-	-	(1,301)
Distribution expense ¹	(682)	(163)	(740)
Portfolio Management Fee	(309)	(289)	(585)
Contracts for Difference	(169)	(261)	(509)
Directors' Remuneration	(79)	(79)	(158)
Audit Fees	(50)	(50)	(110)
Other	(24)	(56)	(46)
Salaries and benefits ¹	(63)	(7)	(72)
Transaction costs on derivatives	(31)	(34)	(66)
General and administrative ¹	(45)	(14)	(47)
Transaction Charges – State Street	(27)	(27)	(54)
Company Secretary Fees	(25)	(27)	(52)
Legal Fees	(25)	(25)	(50)
AIFM Support Services	(24)	(24)	(48)
Administration Fees – State Street	(23)	(23)	(46)
Custodian/Depositary Fees – State Street	(23)	(23)	(45)
Tax Services	(13)	(13)	(42)
Printing	(9)	(8)	(17)
Registrar – Computershare	(7)	(7)	(13)
Regulatory Filing Fees – AIFMD	(6)	(7)	(13)
LSE RNS fees	(6)	(6)	(12)
Ongoing LSE and UKLA Fees	(5)	(5)	(10)
Directors' Expenses	(5)	(5)	(10)
Total expenses	(3,240)	(1,584)	(5,822)

1 These are expenses of GSIL UK which have been consolidated into the Company since 1 November 2024. GSIL UK has delegated investment advisory services to an affiliate of Associated Capital Group, Inc., the cost of these services rendered to an affiliated merger arbitrage fund is reflected in Advisory revenue paid away to affiliate. Distribution expenses relate to marketing expenses paid to third parties incurred by GSIL UK for an affiliated fund.

2 Refer to Note 14.

Portfolio Management Fee

Under the terms of the Portfolio Management Agreement, the Portfolio Manager will be entitled to a management fee (“Management Fee”), together with reimbursement of reasonable expenses incurred by it in the performance of its duties under the Portfolio Management Agreement, other than the salaries of its employees and general overhead expenses attributable to the provision of the services under the Portfolio Management Agreement. The Management Fee shall be accrued daily and calculated on each Business Day at a rate equivalent to 0.85% of NAV per annum.

AIFM fees

The Group previously appointed Gabelli Funds, LLC to serve as Alternative Investment Fund Manager pursuant to the AIFMD. Gabelli Funds, LLC does not earn a fee for its role as AIFM; it earned \$308,682 in portfolio management fees during the period ended 31 December 2025 (31 December 2024: \$289,149, 30 June 2025: \$585,385). For the period ended 31 December 2025 Carne provided certain support services to the AIFM such as due diligence and reporting for which it earned fees of \$24,198.

7. Equity dividends

	(Unaudited) Half year ended 31 December 2025	(Unaudited) Half year ended 31 December 2024	(Audited) Year ended 30 June 2025
	\$000	\$000	\$000
Dividends paid	<u>693</u>	<u>1,109</u>	<u>1,247</u>

During the period ended 31 December 2025 dividends paid per share totalled \$0.10 (31 December 2024: \$0.16, 30 June 2025: \$0.18 per share).

8. Taxation on ordinary activities

Deferred Tax Assets

At 30 June 2025 total recognised deferred tax assets were \$1.78 million. During the period ended 31 December 2025 the Company incurred deferred tax expense of \$0.52 million reflecting partial utilisation of the deferred tax asset, resulting in a deferred tax asset of \$1.26 million or \$0.18 per Ordinary Share.

The deferred tax asset was comprised of \$1,797,966 (\$449,491 deferred tax asset at 25% tax rate) related to unrealised losses on the value of the investment portfolio and excess expenses of \$3,258,036 (\$814,509 deferred tax asset at 25% tax rate) carried forward. This sum, which is net of the amount set against current period taxable income, arose due to the cumulative deductible expenses having exceeded taxable income over the life of the Company. Now that the Company is no longer an investment trust for tax purposes and is therefore subject to UK capital gains tax, the Company believes it is more likely than not that it will have sufficient taxable profits against which these expenses can be offset. Provided the Company continues to maintain its current investment profile, it is likely that this deferred tax asset will be utilised to offset future taxable income subject to the normal corporate tax loss restriction rules for carried forward losses which restrict their use for any particular period to £5 million plus 50% of profits in excess of that initial £5 million.

	(Unaudited) Half year ended 31 December 2025	(Unaudited) Half year ended 31 December 2024	(Audited) Year ended 30 June 2025
	\$000	\$000	\$000
Analysis of the charge in the period			
Deferred tax expense	(517)	(320)	(993)
Irrecoverable overseas tax	(22)	(39)	(73)
Total	<u>(539)</u>	<u>(359)</u>	<u>(1,066)</u>

Deferred tax expense is due to the partial utilization of the deferred tax in the offset of current income, resulting in no cash tax due.

9. Earnings per share

Earnings per ordinary share is calculated with reference to the following amounts:

	(Unaudited) Half year ended 31 December 2025 \$000	(Unaudited) Half year ended 31 December 2024 \$000	(Audited) Year ended 30 June 2025 \$000
Profit attributable to ordinary shareholders	2,034	1,723	4,345
Weighted average number of shares outstanding	6,927,785	6,859,611	6,859,611
Total return per ordinary share	\$ 0.29	\$ 0.25	\$ 0.63

10. Cash and cash equivalents

	(Unaudited) As at 31 December 2025	(Unaudited) As at 31 December 2024	(Audited) As at 30 June 2025
(\$000)			
Cash ¹	7,070	6,123	3,880
Cash of consolidated subsidiary	1,058	20	68
Affiliated money market fund ²	428	1,268	1,144
Total cash and cash equivalents	8,556	7,411	5,092

1 U.S. Treasuries held in the portfolio are not included as cash equivalents.

2 Affiliated mutual fund is held by GSIL UK.

The Board and Investment Manager oversee investments held in cash and cash equivalents in accordance with the Investment Policy.

11. Called up share capital

	(Unaudited) As at 31 December 2025	(Unaudited) As at 31 December 2024	(Audited) As at 30 June 2025
(\$000)			
Allotted, called up and fully paid:			
6,927,785 ordinary shares of \$0.01 each	69	69	69
Treasury shares:			
3,502,874 ordinary shares of \$0.01 each	35	35	35
Total shares	104	104	104

12. Derivatives risk

The Group's investment policy may involve the use of derivatives (including, without limitation, forward foreign exchange contracts, equity contracts for difference swap agreements ("CFDs"), securities sold short and/or structured financial instruments). The Group may use both exchange-traded and over-the-counter derivatives as part of its investment activity. The cost of investing whilst utilising derivatives may be higher than investing in the securities alone (whether directly or through nominees) as the Group will have to bear the additional costs of purchasing and holding such derivatives, which could have a material adverse effect on the Group's returns. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively

small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses.

The use of derivatives may expose the Group to a higher degree of risk. These risks may include credit risk with regard to counterparties with whom the Group trades, the risk of settlement default, lack of liquidity of the derivative, imperfect tracking between the change in value of the derivative and the change in value of the underlying asset that the Group is seeking to track and greater transaction costs than investing in the underlying assets directly. Additional risks associated with investing in derivatives may include a counterparty breaching its obligations to provide collateral, or, due to operational issues (such as time gaps between the calculation of risk exposure to a counterparty's provision of additional collateral or substitutions of collateral or the sale of collateral in the event of a default by a counterparty), there may be instances where credit exposure to its counterparty under a derivative contract is not fully collateralised. The use of derivatives may also expose the Group to legal risk, which is the risk of loss due to the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable.

The use of CFDs is a highly specialised activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In a CFD, a set of future cash flows is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Depending on the general state of short-term interest rates and the returns on the Group's portfolio securities at the time a CFD transaction reaches its scheduled termination date, there is a risk that the Group will not be able to obtain a replacement transaction or that terms of the replacement will not be as favourable as on the expiring transaction. At 31 December 2025 the Group held CFDs, as shown in the following table:

Security name	As at 31 December 2025		
	Trade currency	Shares (000)	Unrealised gain/(loss) \$000
Allfunds Group plc	EUR	3	1
American Axle & MFG Holdings	GBP	45	2
Bakkavor Group plc	GBP	57	8
Bavarian Nordic A/S	DKK	4	1
Biocryst Pharmaceuticals Inc	USD	17	(4)
Ceconomy AG	EUR	43	1
Charter Communications Inc	USD	3	(7)
Coeur Mining Inc	USD	33	5
Compass Inc	USD	8	1
Deutsche Boerse AG	EUR	*	**
Digital Value Spa	EUR	6	2
Dongfeng Motor Group Co Ltd	HKD	38	**
Dowlais Group plc	GBP	625	10
Egetis Therapeutics AB	SEK	132	3
Empiric Student Property plc	GBP	104	5
Eurogroup Laminations Spa	EUR	12	1
Fifth Third Bancorp	USD	4	6
Fox Corp	USD	8	(15)
Genkyotex SA	EUR	7	**
Global Interconnection Group	EUR	17	(9)
Greencore Group plc	GBP	35	(7)
Grifols SA	USD	7	**
Hang Seng Bank Ltd	HKD	2	**
Insignia Financial Ltd	AUD	94	**

Security name (continued)	As at 31 December 2025		
	Trade currency	Shares (000)	Unrealised gain/(loss) \$000
International Personal Finance	GBP	32	5
Iveco Group NV	EUR	67	3
Jde Peet'S NV	EUR	15	3
JTC plc	GBP	26	2
Just Group plc	GBP	260	2
Kimberly-Clark Corp	USD	3	5
Live Nation Entertainment Inc	USD	2	1
Mayne Pharma Group Ltd	AUD	27	(1)
Metro AG	EUR	11	2
National Storage REIT	AUD	128	(5)
Nilfisk Holding A/S	DKK	8	**
Palo Alto Networks Inc	USD	6	47
Pinewood Technologies Group	GBP	23	(2)
Primary Health Properties	GBP	197	10
PRS REIT plc	GBP	151	**
Rayonier Inc	USD	5	1
Rpmglobal Holdings Ltd	AUD	59	1
Saipem Spa	EUR	153	(13)
Santos Ltd	USD	26	(2)
Seven + I Holdings Co Ltd	JPY	2	2
Solgold plc	GBP	407	**
Spear Investment WT	EUR	39	**
Subsea 7 SA	EUR	23	14
Toyota Industries Corp	JPY	6	4
Treatt plc	GBP	25	(1)
TT Electronics plc	GBP	10	(2)
Ubisoft Entertainment	EUR	4	1
Union Pacific Corp	USD	3	27
Unite Group plc	GBP	9	(5)
Uwm Holdings Corp	USD	9	4
Vici Properties Inc	USD	1	**
Total unrealised gain on derivatives			107

* Fewer than 500 shares.

** Less than \$500.

13. Leverage

Leverage is the ratio between a fund's Total Exposure and its Net Asset Value, expressed as a percentage. For the purposes of the AIFM Directive, leverage can be calculated using two methods: (i) the gross method; and (ii) the commitment method. Under the gross method, Total Exposure is the algebraic sum of all investment positions (long and short), excluding cash and cash equivalents and converting derivative instruments into the equivalent position in the underlying asset. Under the commitment method, Total Exposure is the algebraic sum of all investment positions (long and short), plus cash and cash equivalents, minus hedging arrangements and offsetting instruments between eligible assets.

The Group's leverage levels at 31 December 2025 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum permitted limit	500%	250%
Actual	105%	120%

The leverage limits are set by the AIFM and approved by the Board and are in line with the maximum leverage levels permitted in the Group's Articles of Association. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

14. Performance fee – Group and Company

Subject to the satisfaction of the Performance Conditions, the Portfolio Manager shall be entitled under the Portfolio Management Agreement, in respect of each Performance Period, to receive 20% of the Total Return relating to such Performance Period, provided that such amount shall not exceed 3% of the Average NAV.

Performance Conditions

The Portfolio Manager's entitlement to a Performance fee in respect of any Performance Period shall be conditional on the Closing NAV per Share in respect of the Performance Period (adjusted for any changes to the NAV per Share through dividend payments, Share repurchases (howsoever effected) and Share issuances since Admission) being in excess of the Performance Hurdle and High Water Mark. The Performance Hurdle is equal to the Starting NAV per Share increased by two times the rate of return on 13 week Treasury Bills published by the US Department of the Treasury over the Performance Period, less the Starting NAV per Share; multiplied by the weighted average of the number of Shares in issue (excluding any Shares held in treasury) at the end of each day during the Performance Period. For the period ended 31 December 2025, no Performance fee was to be paid. As at 31 December 2025, no amount was outstanding to the Portfolio Manager in respect of the performance fee, reflecting the performance period matching the Group's financial year (31 December 2024: \$nil, 30 June 2025: \$1,300,582).

15. Other assets and liabilities

The categories of other receivables and other payables include:

(\$000)	(Unaudited) As at <u>31 December 2025</u>	(Unaudited) As at <u>31 December 2024</u>	(Audited) As at <u>30 June 2025</u>
Other receivables			
FX currency sold	3	-	-
Receivables from affiliates	778	390	551
All other receivables ¹	212	219	168
Total other receivables	<u>993</u>	<u>609</u>	<u>719</u>
Other payables			
FX currency sold	-	-	12
Custodian fees	25	28	36
Accounting fees	31	37	32
Audit fees	50	74	123
Payables to affiliates	303	310	249
Commissions payable	760	321	397
All other payables	416	342	335
Total other payables	<u>1,585</u>	<u>1,112</u>	<u>1,184</u>

¹ As at 31 December 2025, 31 December 2024 and 30 June 2025, all other receivables included prepaid expenses and dividend and swap income.

16. Related party disclosure – Group and Company

Directors

Each of the Directors is entitled to receive a fee from the Group at such rate as may be determined in accordance with the Articles of Incorporation. The Directors' remuneration is \$30,000 per annum for each Director, other than:

- the Co-Chairmen, who will receive an additional \$1,000 per annum¹ ;
- the Chairman of the Audit & Risk Committee, who will receive an additional \$5,000 per annum; and
- the Members of the Audit & Risk Committee, who will receive an additional \$1,000 per annum.

Each of the Directors is also entitled to be paid all reasonable expenses properly incurred by them in connection with the performance of their duties. These expenses will include those associated with attending general meetings, Board or committee meetings and legal fees. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Group.

1 Mr. Gabelli has waived his fees since appointment as Chairman in his current role as Co-Chairman.

Other

The Portfolio management fee for the period ended 31 December 2025 paid by the Group to the Portfolio Manager is presented in the Statement of Comprehensive Income. Details of the Portfolio Management fee paid during the period is disclosed in Note 6. Details of Performance fee paid during the year are disclosed in Note 14.

As at 31 December 2025, Associated Capital Group, Inc., an affiliate of the AIFM and Portfolio Manager, held 6,421,249 Ordinary Shares in the Group. Associated Capital Group, Inc. also held 6,179,100 Special Voting Loyalty Shares, which increased its voting interest. For the half years ended 31 December 2025 and 2024 and the full year ended 30 June 2025, the Group paid dividends of \$0.6 million, \$1.0 million and \$1.1 million, respectively, to Associated Capital Group, Inc. commensurate with its ownership interest.

Investors should note that as a close company with Associated Capital Group, Inc. controlling greater than 90% of shares, Associated Capital Group, Inc. may be able to ensure the approval of shareholder resolutions.

GSIL UK advisory and distribution revenues are earned from a fund affiliated with Gabelli Funds, LLC and Associated Capital Group, Inc. Further, GSIL UK delegates certain investment advisory services to an affiliate of Associated Capital Group, Inc. as disclosed in Note 6.

Connected party transactions

All connected party transactions are carried out at arm's length. There were no such transactions during the year ended 31 December 2025.

17. Contingent liabilities and commitments

As at 31 December 2025, the Group had no contingent liabilities or commitments (31 December 2024: nil; 30 June 2025: nil).

18. Post balance sheet events

On 5 March 2026, the Group declared an interim dividend for the fiscal year ended 30 June 2026 of \$0.10 per ordinary share, payable on 27 March 2026 to holders of ordinary shares on the register at the close of business on 13 March 2026.

19. Portfolio/schedule of investments

A statement of changes in the composition of the Portfolio during the financial period is available to shareholders free of charge from the Administrator on request.

Group Information

Registered Name

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John Birch
John Newlands
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James Wedderburn

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Depository

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The Group is a member of The Association of Investment Companies ("AIC"), which publishes a number of useful fact sheets and email updates for investors interested in investment companies.

www.theaic.co.uk

Information to Shareholders

Contact Information and Website

Please visit us on the Internet. Our homepage at www.gabelli.co.uk includes useful information about the Group, such as daily prices, factsheets, announcements, and current and historic half year and annual reports.

We welcome your comments and questions at +44 (0) 20 3206 2100 or via e-mail at info@gabelli.co.uk.

General Information

SEDOL/ISIN: BD8P074/GB00BD8P0741
London Stock Exchange (TIDM) Code: GMP
Legal Entity Identifier (LEI): 5493006X09N8HK0V1U37

The Group's registrar is Computershare Investor Services PLC. Computershare's website address is investorcentre.co.uk and certain details relating to your holding can be checked through this website. Alternatively, Computershare can be contacted on 0370 707 1390.

Change of name or address must be notified through the website or sent to The Pavilions, Bridgwater Road, Bristol BS99 6ZZ.