



THE WORLD'S LEADING  
SUPERYACHT SERVICE  
& SUPPLY GROUP



Annual report and financial statements  
For the year ended 31 December 2017



**GYG is a market leading Superyacht painting, supply and maintenance company, offering services globally through operations in the Mediterranean, Northern Europe and the United States. The Company primarily trades under the Pinmar, Rolling Stock, Techno Craft and ACA Marine brands.**

The Global Yachting Group was originally created in 2012 through the merger of the two leading Superyacht painting brands Pinmar and Rolling Stock; such expansion of the Group titled it as the only Superyacht painting company with global operations. In March 2017, the Group also acquired a majority stake in ACA Marine as part of its strategic growth plans in the European Superyacht finishing market. The Company was renamed GYG plc in July 2017 when it became a public company through an Initial Public Offering on the London Stock Exchange's AIM market.

With over 70 years' operating experience in the Superyacht industry and a highly-skilled workforce, GYG is a leading provider to the world's superyacht fleet – including many of the largest ever built.

GYG is consistently at the forefront of new technology and continuously investing to improve efficiency, creativity and innovation – all backed up by strict quality control and the very best in after sales service.

Incorporated in the UK with its registered office in London, the Company's principal operational base is in Palma de Mallorca, Spain. The Company also has offices in Barcelona, France, Germany, Holland, Italy, Monaco, the UK and the USA (namely Fort Lauderdale, West Palm Beach and Savannah, Georgia), giving the Group very broad international service capability – no matter the size or location of the project.

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### Cautionary Statement

Sections of this annual report, including but not limited to the Directors' Report, the Strategic Report and the Directors' Remuneration Report may contain forward-looking statements with respect to certain of the plans and current goals and expectations relating to the future financial condition, business performance and results of the Company. These have been made by the Directors in good faith using information available up to the date on which they approved this report. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of the Company and depend upon circumstances that may or may not occur in the future. There are a number of factors that could cause actual future financial conditions, business performance, results or developments of the Company to differ materially from the plans, goals and expectations expressed or implied by these forward-looking statements and forecasts. Nothing in this document should be construed as a profit forecast.



# HIGHLIGHTS

## FINANCIAL HIGHLIGHTS

- Group revenue increased 14.7% to **€62.6m** (FY16<sup>1</sup> **€54.6m**)
  - Coating (Refit & New Build) revenue up 16.7% to **€53.7m** (FY16 **€46.0m**)
  - Supply revenue up 4.2% to **€8.9m** (FY16 **€8.6m**)
- Adjusted EBITDA<sup>2</sup> increased 7.6% to **€7.2m** (FY16 **€6.7m**)
- Operating profit of **€1.4m** which includes **€3.9m** of exceptional items, mainly related to the IPO (FY16 operating profit of **€1.9m**)
- Net debt position reduced to **€6.7m** at 31 December 2017 (FY16: **€10.4m**)
- Cash of **€6.2m** as at 31 December 2017 (**€6.2m** at 31 December 2016)
- Board has recommended a total dividend of 3.2 pence per ordinary share, reflecting the 6 month period from IPO to the year end



## OPERATIONAL HIGHLIGHTS

- Completed acquisition of ACA Marine coating division in South of France in March 2017
- Successful placing of **€6.9m** of new equity and admission to AIM in July 2017. Upon admission, Stephen Murphy was appointed as Chairman and Richard King as Non-Executive Director
- Enhanced credibility and profile as a result of the IPO demonstrated by recent contract wins including for the previously announced work on Rev 182
- Record Order Book<sup>3</sup> as at 31 December 2017 of **€20.4m** (up from **€17.9m** FY16), of which **€14.3m** is planned to be delivered in FY18
- Pipeline<sup>4</sup> of **€376m** as at 31 December 2017 (up from **€267m** FY16)
- Balance sheet strengthened, with repayment of **€4.3m** of loan notes on IPO
- Post period end, the Group won the first significant refit project at the newly refurbished Savannah Yacht Center in Georgia, USA on a c.70 metre Dutch-built superyacht

<sup>1</sup> Refer to the Financial Performance section for an explanation of the basis of preparation of the twelve-month period ended 31 December 2016 comparative financial information (referred to as "FY16").

<sup>2</sup> Adjusted EBITDA is defined as operating profit before finance costs, taxation, depreciation, amortisation, share based payments and exceptional items. This is an alternative performance measure and should not be considered an alternative to IFRS measures, such as revenue or operating profit.

<sup>3</sup> Order Book is defined as contracted but unbilled New Build and Refit projects across the Group from 1 January 2018 onwards.

<sup>4</sup> Pipeline is defined as the projects the Group are looking to secure, covering the stages from sending a proposal to final negotiation.

# OUR BRANDS

Today GYG operates six market leading brands; Pinmar, Pinmar USA, Rolling Stock, ACA Marine, Pinmar Supply and Techno Craft, offering a comprehensive painting and supply service for the global superyacht sector.

## PINMAR

Pinmar is recognised as the market leading brand in the premium motor yacht sector having completed the fairing and finishing on some of the world's most prestigious superyachts for the past 40 years. Pinmar is a major player in both the new build and refit sectors competing on a global basis.

## PINMAR USA

Headquartered in West Palm Beach with bases in Fort Lauderdale and Savannah, Georgia, Pinmar USA offers a full service activity of finishing and refinishing to superyachts along the East Coast and in the Caribbean.

## ROLLING STOCK

Based in Palma de Mallorca and operating throughout Europe, Rolling Stock has a 20 year heritage in the superyacht industry and now represents the premium brand in the finishing and refinishing of major sail superyachts and explorer vessels. With its unrivalled reputation for quality and its expertise with high performance and specialist coatings, Rolling Stock is acknowledged as the leader in its field.



## ACA MARINE

ACA Marine is the leading brand in the refinishing market in France as well as having an important presence in the Northern Europe new build finishing market.

## PINMAR SUPPLY

Pinmar Supply is a major yacht chandlery and supply company with a network of retail outlets and partners in Palma, Barcelona, Valencia and Girona, a mobile fleet providing dockside service and a central distribution centre that offers worldwide provisioning to a portfolio of the world's largest superyachts.

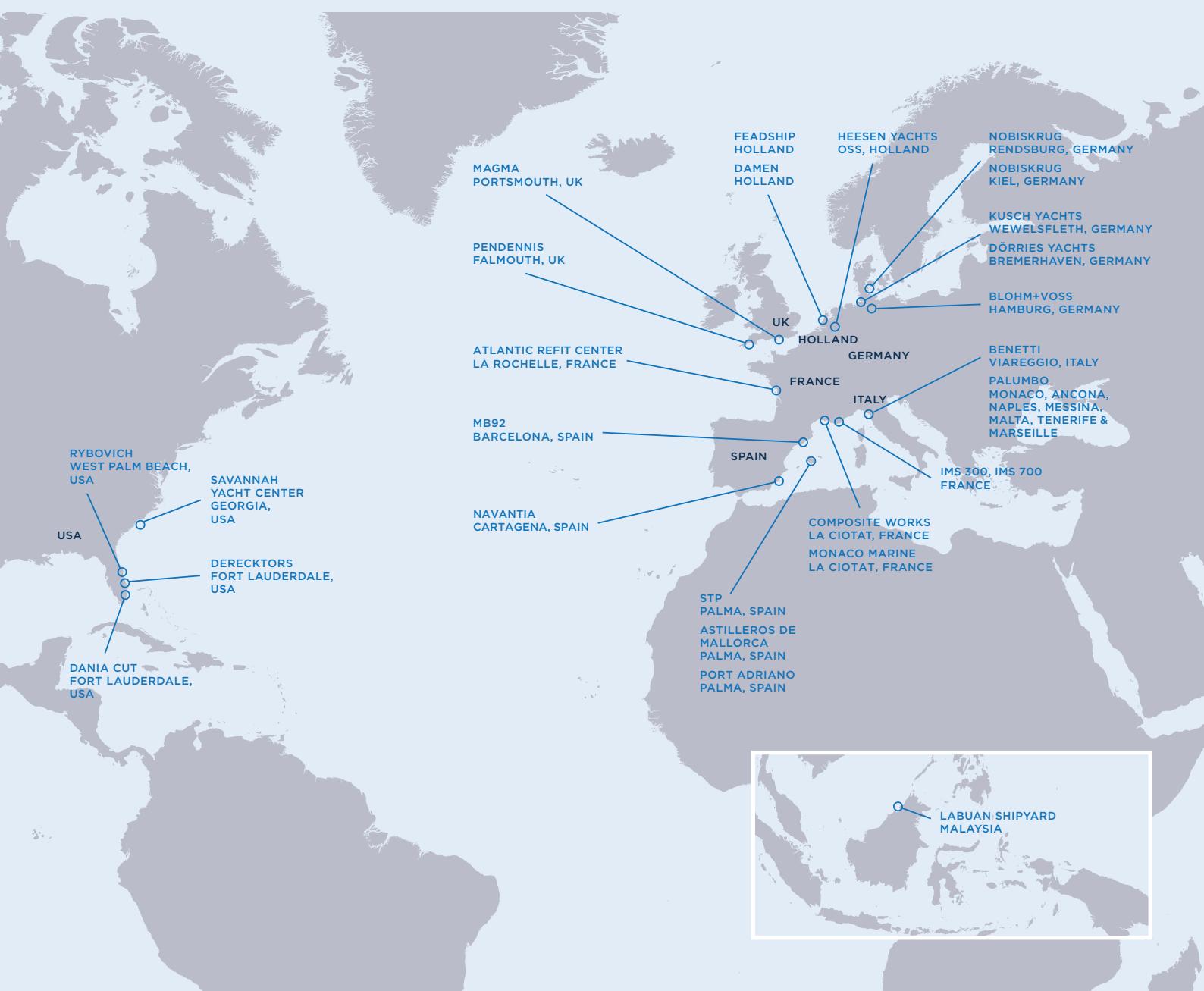
## TECHNO CRAFT

Techno Craft is a global pioneering company in yacht containment systems and hardware removal, providing specialised scaffolding construction and tenting solutions for superyachts undergoing painting or other refit works and also complete fittings removal, storage and reinstallation services. With bases in Palma and Barcelona, Techno Craft works in all the leading shipyards in Europe.

## A BRIEF HISTORY OF GYG PLC

1975	• Pinmar was founded in Palma de Mallorca, Spain	1989	• Rolling Stock was founded in Palma de Mallorca, Spain	2003	• Management buyout supported by Ferretti and Permira, Italy	2006	• Expansion to the UK and Pendennis Shipyard • Rolling Stock ISO 14001 & ISO 9001 certification
1982	• Pinmar Supply & Wholesale division was created	1992	• Pinmar became Awlgrip's distributor for Spain • Expansion to Marina Barcelona, Spain	2005	• Purchase of the Techno Craft, S.L. and Andamios de Baleares, S.L. businesses (expansion into scaffolding & covering company) • Expansion into Germany and superyacht new build market • Pinmar ISO 9001 & 14001 certification		

## GYG global operations



2010

- Completion of the world's largest superyacht

2014

- Consolidation of GYG into the new build market
- Creation of GYG Germany and GYG Central Services
- Complete restructuring of the Group's companies

2016

- GYG management buyout with support from Lonsdale Capital Partners to expand the Group

2009

- Expansion to the USA (Florida) through the acquisition of Classic Yacht Refinishing Inc.
- Management buy out of Ferretti shareholding in December 2011

2012

- Creation of the Global Yachting Group through the merger of Pinmar and Rolling Stock companies

2015

- Increasing internationalisation of relevant refit services in the UK, Germany, France and Italy
- Incorporation of HCOS Ltd
- Finalising the largest sailing yacht in Kiel, Germany

2017

- Agreement signed with Savannah Yacht Center, Georgia USA to facilitate growth in USA & Caribbean markets
- Acquisition of ACA Marine

# WHAT WE DO

## GYG's operations can be divided into three key sales channels:

- **Refit** (included in the Coating segment): repainting and finishing of superyachts, normally as part of a refit programme. Revenues also include scaffolding and containment work;
- **New Build** (included in the Coating segment): fairing and painting of new vessels as part of the build process; and
- **Supply:** selling and delivery of maintenance materials, consumables, spare parts and equipment primarily to trade customers.

Superyachts require a major survey service every five years to comply with certain class, maritime laws and insurance requirements. Owners typically undertake an annual haul out and general maintenance to remain ahead of the service intervals and to keep the vessels in optimum condition. Owners often use the major servicing period as an opportunity for repainting the vessel, providing GYG with a source of repeat business.

## THE PINMAR PAINT STANDARD

Introduced in 2011, the Pinmar Paint Standard was the industry's first comprehensive statement of how a client's expected paint finish should be measured and agreed. Designed to be universally-understood, it remains the most exacting and comprehensive guideline in existence and defines the high standard achievable on paint applications.

The Pinmar Paint Standard includes measuring methods and specific acceptance criteria applying to: Colour Shade, Gloss, Distinction of Image, Paint Film Thickness and Dust, as well as Fairing Straightness and other relevant criteria for New Builds.



**Discussed, developed and agreed with leading paint manufacturers, the most important elements behind the Pinmar Paint Standard are used to establish if:**

- The chosen topcoat is fit for purpose;
- The acceptance criteria can be achieved on the vessel, taking into account the environmental conditions available and the age and condition of the yacht and its existing paint system;
- The topcoats applied reach the empirically measured expectations of the client.

The 2017 edition of The Superyacht Forum in Amsterdam saw the launch of the Pinmar Paint Standard 2.0. prompted both by the entry of new paint manufacturers to the market and changes to the technical formulation and performance of Superyacht paint products, the new standard takes into account the growing trend for darker pigments, metallic and pearlescent finishes. The Pinmar Standard 2.0 has been developed in consultation with the industry's leading manufacturers and coating consultants, having analysed research data, and both test and live project results.

This new standard will give Pinmar clients an even better understanding of the quality and performance of their paint work, together with improved peace of mind during the warranty period – and beyond.

## REFIT

GYG has unrivalled experience in the Superyacht refit market and has painted more yachts over 30m than any other company. Today it dominates the 50m+ market where the complexities and challenges are greatest and decision makers, be they; captains, owners' representatives, management companies or shipyards, are seeking the most qualified and experienced partners who can deliver the highest quality, mitigate risk and also provide the best warranty and after-sale service on a global basis. GYG has the most trusted brands in the industry.

Thanks to years-long relationships with all the leading shipyards, GYG can undertake paint finishing and refinishing contracts all over the world, complementing in-house

teams and services. We harmoniously work alongside other trades during the busy closing stages of a project to safeguard delivery; on schedule, on budget and to the quality standard.

With our portfolio of brands GYG can offer the complete package including yacht hardware removal, scaffolding and containment, as well as the latest in dark pigment, metallic or pearlescent finishes. Our equipment is developed to accommodate advancing technology whilst always being conscious of the environment. As with new builds, refit clients benefit from the quality assurance and peace of mind generated by the Pinmar Paint Standard 2.0 and a global warranty.



## NEW BUILD

The exterior finish of a superyacht is the final flourish in a long and complex build process. It is a key factor in ensuring the end product looks exceptional upon delivery. GYG's businesses have been responsible for the finish on many of the world's largest, most exciting and innovatively designed yachts for more than 40 years.

Through its close relationships with new build shipyards, GYG is involved at the outset of any project. This allows us to develop the best techniques, invest in the latest equipment and assemble the most experienced teams required to fair and paint these ever-larger and more complicated superyachts. Our highly developed production processes are designed to synchronise with those of the shipyard to ensure maximum efficiency, control and visibility during each project.

Our pioneering of the adoption of electrostatic paint spraying for Superyachts, a technology developed within the automobile industry, is a case in point. Electrostatic shooting offers significant advantages over conventional paint spraying, not least being a reduction in the time required to top-coat larger Superyachts as well as a 60% improvement in paint transfer which massively reduces the environmental impact.

GYG has completed projects up to 162.5 metres in Spain, France, Germany, Holland, Italy, the UK and the USA. Entrusted with the world's finest yachts, we do not take our responsibility lightly and continue to cement our reputation through consistent delivery of excellent results – on time and on budget.



## SUPPLY

Based in Spain with the ability to serve clients anywhere in the world, Pinmar Supply offers a comprehensive selection of marine products to the trade, retail customers and direct provisioning to superyachts worldwide.

**Retail Division** – Our network of shops located in key marinas in Barcelona and Palma de Mallorca, together with a mobile fleet of vans, means our team of experts swiftly source and supply everything from urgent spare parts to specialist safety equipment, paints and primers to trendsetting water sport toys.

**Global Supply Team** – Entirely location neutral, our Global Supply Team is a lifeline for clients on the move, in refit or still under construction.

Working alongside our logistics division, the Global Supply Team organises the delivery of goods anywhere in the world, dealing confidently with hazardous materials or tight deadlines.

**Trade Distribution** – As one of the leading distributors in Spain for many of the marine industry's biggest brands, Pinmar Supply sells the widest range of products at market leading prices. Our team has the product knowledge and technical knowhow to ensure clients buy and apply exactly the right products for the job.

The Pinmar Supply team pride themselves on their product knowledge and commitment to customer service which, coupled with GYG's global buying power, makes for a very strong supply proposition.



# CHAIRMAN'S STATEMENT

I am delighted to present my first Chairman's statement as a public company on behalf of the Board of GYG plc.

2017 was a milestone year in the Group's development, with a successful IPO on the AIM Market of the London Stock Exchange in July while also delivering another year of strong growth. The IPO raised £6.9m which was used to settle pre-existing shareholder loan notes, accrued interest and fees and expenses in relation to the IPO and by the end of the year, net debt had been reduced to €6.7m. Prior to the IPO, significant highlights included the acquisition of ACA Marine in March.

As such, our strengthened financial position provides us with a strong platform to support future growth and development of the Group. The enhanced credibility and profile that we have gained as a result of the IPO will continue to help us secure larger orders and develop further growth opportunities to generate long-term value for shareholders.

## RESULTS

We have delivered solid revenue growth in the year, up 14.7% to €62.6m (FY16: €54.6m), reflecting a good performance across all divisions. Adjusted EBITDA increased 7.6% to €7.2m (FY16: €6.7m), with an adjusted EBITDA margin of 11.5% (FY16: 12.2%). We ended the year with a solid balance sheet and maintained cash at €6.2m at 31 December 2017 (€6.2m at 31 December 2016).

## DIVIDEND

As stated in our Admission Document, the Board has adopted a progressive dividend policy with growth in line with the growth in future earnings and the Board is therefore pleased to recommend a total dividend of 3.2 pence per ordinary share for the year ended 31 December 2017, reflecting the 6 months from IPO to the financial year end. If approved by the shareholders at the Annual General Meeting on 29 May 2018, the dividend will be paid on 15 June 2018 to shareholders on the register on 4 May 2018. The ex-dividend date will be 3 May 2018.

## CURRENT TRADING & OUTLOOK

We have had an encouraging start to 2018, with trading in line with the Board's expectations. The Group had a busy first quarter in refit including a number of jobs that were pushed back by the 2017 hurricanes and has seen significant growth to the forward Order Book, having signed some major new build projects which will come on-stream later this year and during 2019 and 2020. Management are highly focused on delivering growth across the divisions in 2018, and the wider GYG team is strongly motivated to continue to deliver a premium quality service to our existing and new customers. I would like to take this opportunity to thank all of our colleagues across the world for their continued hard work to deliver these results. The Group is well positioned to continue to create long-term value for all shareholders.

**STEPHEN MURPHY**  
**Non-Executive Chairman**

18 April 2018





# CHIEF EXECUTIVE'S REPORT

I am pleased to report on GYG's first year end results as a public limited company. Our successful IPO in July 2017 was a major milestone for the Group, further strengthening its position as the global market leader in the superyacht painting, supply and maintenance sector. Together with the acquisition of the majority shareholding in ACA Marine, GYG's flotation on AIM represented a significant achievement for the Board of our Company and I am grateful for the dedicated support of my fellow Directors.

The Group delivered strong results with revenue of €62.6m in the year ended 31 December 2017 reflecting a 14.7% increase compared to FY16, and adjusted EBITDA of €7.2m (FY16: €6.7m), an increase of 7.6%. We ended the year with cash of €6.2m on a par with the previous year and a stronger balance sheet, having repaid €4.3m of loan notes post the IPO. This was achieved alongside a busy corporate agenda and challenging market conditions in the latter half of the year. Strong revenue growth was achieved in the first half, however as previously announced, the third quarter refit programme was affected by the disruption to seasonal cruising patterns from an extraordinary sequence of hurricanes. This caused delays to several major projects, leading to a softening of revenues in the second half of the year. Despite this, I am pleased to report that refit showed a strong recovery in the fourth quarter and as far as we can see these project deferrals resulted in work being postponed into 2018. The Group is well positioned with a strong forward Order Book in a market segment which continues to exhibit solid growth.

## STRATEGY

The Group's strategy remains the same as that detailed in our Admission Document and we will continue to leverage our market leadership in the refit sector where GYG holds a 30% share (up from 29% at the time of flotation), an 86% customer retention rate, and a preferred supplier status with many of the leading refit shipyards in the core locations. Our addressable coating market is forecast to grow at 6% per annum and we have the platform in place to grow with and above the market. The Group is targeting regional developments in the refit market by continuing to engage and enter into new agreements with shipyards, further strengthening our market position.

The Group aims to increase its market share in new build through an organic growth strategy. The Board believes that being a listed group provides reassurance to shipyards due to the scale and security of the Group and provides confidence to them regarding the risk of awarding these large contracts.

In the USA, we are particularly excited about the potential of the newly refurbished Savannah Yacht Center in Georgia ("SYC"). GYG entered into a memorandum of understanding with SYC in August 2016 to establish a new painting facility to cater for superyacht refit projects. Whilst GYG already has bases in Fort Lauderdale and West Palm Beach, these facilities are mainly servicing yachts up to 70 metres therefore SYC opens up the 70+ metre US market. Post period end, the Group's US subsidiary, Pinmar USA, won the first significant refit project on a circa 70 metre Dutch-built superyacht which has started this month and will run for approximately 14 weeks. Management anticipates SYC to form a major part of the US growth strategy as this shipyard capacity comes fully on stream in Q3 2018.

The Board has further targeted improvements to gross margins which are underpinned by a programme of management initiatives to improve production processes and internal systems. As a Group, we will continue to invest in technological, operational and our human resource development which will contribute to margin improvement as well as preserving the market leadership status of our portfolio of brands.

Finally, the Board continues to evaluate earnings enhancing acquisitions to increase market share and enable expansion into new geographic markets or new complementary services to support the Group's long-term strategy.

**REMY MILLOTT**  
Chief Executive Officer



# CHIEF EXECUTIVE'S REPORT

## (CONTINUED)

### DIVISIONAL REVIEW

GYG is a market leading superyacht painting, supply and maintenance company offering its services globally through operations in the Mediterranean, Northern Europe and the USA. The Company's brands include Pinmar, Rolling Stock, Pinmar Supply, Pinmar USA, Techno Craft and ACA Marine. GYG's operations are separated into two divisions, Coating and Supply.

The AIM IPO has certainly raised the profile of the Group providing a platform to engage directly with significant industry participants whilst giving corporate credibility and additional certainty to existing and potential clients. This has enabled the Group to continue growing market share in a growing market. In particular, the management team has a strategic focus on new build where it is looking to increase GYG's market share as that market itself continues to expand.

### COATING DIVISION

This division, consisting of the refit and new build markets, performed very well in 2017 with revenue increasing 16.7% to €53.7m (FY16 €46.0m). This performance is underpinned by the industry trend of increasing average vessel size (44% growth in the last 11 years), resulting in a larger surface area to be treated. Particularly pleasing has been the 20% growth in revenue of the Group's scaffolding company, Techno Craft.

With the recent contract win of a 117 metre new build in Norway and several large refit projects being carried out in new locations, the division is expanding its market share outside Spain while strengthening the Group's reputation as a company that can achieve vast scopes of high quality work in short time frames.

Importantly, the strong results in this division were achieved despite the challenges witnessed in the second half such as the hurricanes in the USA which not only interrupted production for a short period, but also disrupted normal cruising and refit patterns.

**Refit** includes repainting and finishing of superyachts, normally as part of a refit programme, and its revenues also include scaffolding, containment and the removal of fittings undertaken by the Techno Craft business.

A key driver of our business is that superyachts require a major survey and service every five years to comply with certain class regulations, maritime laws and insurance requirements. In addition, our strong warranty and network of relationships with shipyards supports strong repeat business enhancing revenue security.

GYG operates four brands in the refit sector each targeting specific regional markets and segments. Pinmar is the market leading brand focused on the large motor superyachts across all European refit locations. Pinmar USA is the leading brand on the East Coast of the USA, predominantly servicing the motor yacht market. Rolling Stock has its core in the sailing superyacht sector and specialises in metallic and performance coatings in Europe. ACA Marine, the Group's most recent acquisition, is a regional brand focusing on the 40+ metre market in France.

GYG increased the scope of its refit network in 2017, signing commercial agreements with major refit shipyards in the USA and Italy which will facilitate the planned regional growth in 2018, as stated at IPO. The Group also expanded its field sales force to service the enlarged network, implementing a tailored CRM system to manage the sales process.

**New Build** covers the fairing and painting of new vessels as part of the build process and represents a significant growth opportunity for the Group.

2017 new build revenues were strong with the Group undertaking major projects in Holland, Germany and the USA. The fairing and painting of a new, large (70+ metre) superyacht will typically take 8-12 months, with the largest (150+ metre) vessels taking longer. Correspondingly, such major individual projects produce substantial and consistent revenues over a prolonged period contributing to the annual sales of the Coating division.

Historically, GYG has been successful in winning major contracts to fair and finish iconic new build projects through its strong relationships with existing superyacht owners and their representatives. However, the paint contracts for the majority of the 50-70 metre new build projects are awarded by the shipyards to their long standing preferred local suppliers, hence GYG's relatively low market share of 6% in this high value segment. One of the strategic drivers of the IPO was to further penetrate this sizeable market segment to drive the future growth of our new build operations. We are confident that we will be able to demonstrate to the leading new build yards in Holland, Germany and Italy that we can add value and reduce risk through our industry leading quality, production efficiency, project management protocols and global after sales service.

Post period end, we signed a Letter of Intent ("LOI") with the owner of 'REV 182', the world's largest research and expedition vessel currently under construction. The 182 metre vessel, which is scheduled to be started in 2019 and delivered in 2020, will be contracted to the Group's Rolling Stock division and the order includes the supply and application of the exterior filler and paint system for specified exterior areas of the vessel.

This is the third explorer vessel of this type that GYG has been contracted to work on in the last two years, further establishing the Group as the specialist in this type of market. The works are scheduled to commence in 2019, strengthening the order book and providing a good visibility of income for the Group.

### SUPPLY DIVISION

The supply business operates through three distinct sales channels, namely retail, trade and superyacht provisioning.

The Supply division delivered revenues of €8.9m, up 4.2% on FY16 (€8.6m). The retail turnover was in line with the previous year while the division's growth came from the increased volumes through the trade accounts and the expansion of yacht provisioning.



## OPERATIONAL REVIEW

During 2017, we completed a review of our production processes and have started to implement a number of quality, efficiency and productivity initiatives aimed at improving gross margins and reducing fixed costs. We expect to see the early benefits of these programmes over the course of 2018.

Through the Pinmar brand, GYG continues to lead the industry in terms of the delivery of quality standards. The Pinmar Standard was the first empirically based superyacht paint standard introduced to the industry in 2011, revolutionising the approach to the inspection and acceptance of paint works. In 2018, GYG launched the Pinmar Standard 2.0, an updated version of the standard which incorporates the expanded range of paint manufacturers and products available in the market today.

The Group continues to innovate and invest in new application technology, leveraging its close relationship with all of the main superyacht paint manufacturers. Its adoption and industry development of electrostatic top-coat application is delivering significant time, quality and environmental benefits, further asserting the Group's industry leadership.

GYG continues to develop its Human Resources function with a structured in-house programme of skills development aimed at expanding the Coating division production capacity. We continue to strengthen our management team through strategic recruitment, bringing a mix of industry experience and related business expertise.

We continue to improve our business processes, systems and infrastructure to support the growth and improve efficiency of the Group. In 2017, we implemented a new production application software to provide greater visibility and control over production activity, and a sales CRM system that provides data on the worldwide fleet of 5,700 superyachts and facilitates the management of the marketing and sales process. This has further improved our ability to forecast upcoming yacht refits and has provided our managers with a more efficient approach to marketing at the appropriate time before a refit.

## MARKET DEVELOPMENTS

The superyacht new build and refit painting market continues to exhibit consistent growth of approximately 6% per annum driven primarily by the refit market which, as previously mentioned, requires regular maintenance programmes. The new build market, particularly the larger superyacht segment (70+ metre), has been fuelled by the continued growth in the number of worldwide billionaires, (estimated 9% CAGR to 2020) and continues to report growing order books and deliveries through 2020, indicating further new build painting and a growing fleet requiring refit.

We have noted the continuing increase in the size of vessels being produced and the demands this places on the global refit shipyard infrastructure. There are a limited number of yards with the infrastructure required to service the growing number of 100+ metre mega-yachts and GYG is well positioned with these yards to complete such orders. Time is a precious factor in the refit of these larger vessels as owners want access to their vessels or the ability to hire out during the main cruising season. The Group's technical leadership and unrivalled experience in repainting the largest yachts to the highest industry standards, meeting clients demanding timescales, further accentuates our competitive advantage.

## OUTLOOK

The Group is well positioned in each of its core markets and the management team is focused on delivering the key objectives of revenue growth and margin improvement. The Group's outlook for 2018 is positive with significant growth expected in the refit sector alongside further new build market penetration.

## REMY MILLOTT

Chief Executive Officer

18 April 2018

# FINANCIAL REVIEW

## FOR THE YEAR ENDED 31 DECEMBER 2017<sup>1</sup>

During the year ended 31 December 2017, the Company continued to focus on organic revenue growth through expanding shipyard and client relationships for the Coating division and an increasing offering for the Supply division.

The Company, during this time, also prepared for an IPO of its shares on AIM which was successfully completed on 5 July 2017. The Company issued 6.9m new shares at a placing price of 100p (the "Placing Price"), raising gross proceeds of £6.9m. GYG used the funds principally to settle shareholder loan notes and related interest, advisor fees and expenses in relation to the IPO.

The Board believes that the flotation on AIM has increased the Company's overall reputation and profile, broadened and strengthened GYG's shareholder base, and has provided the Company with the ability to incentivise key employees and to use AIM quoted shares as currency for potential future acquisitions.

### FINANCIAL PERFORMANCE

Year ended 31 December 2017	Coating €'000	Supply €'000	Total reportable segments €'000
Revenue	53,713	8,925	62,638
Adjusted EBITDA	6,219	972	7,191

Combined twelve- month period ended 31 December 2016 <sup>1</sup>	Coating €'000	Supply €'000	Total reportable segments €'000
Revenue	46,023	8,568	54,591
Adjusted EBITDA	5,959	726	6,685

Consolidated ten-month period ended 31 December 2016 <sup>1</sup>	Coating €'000	Supply €'000	Total reportable segments €'000
Revenue	37,292	7,161	44,453
Adjusted EBITDA	4,817	587	5,404

Revenue in the year ended 31 December 2017 increased 14.7% to €62.6m (FY16: €54.6m) with 16.7% growth in the Coating division, reflecting strong performances in new build, scaffolding and containment, and 4.2% growth in the Supply division in 2017. Our Refit division recorded high turnover in

the first and second quarters, however the third quarter Refit programme was affected by the multiple hurricane disruption to seasonal cruising patterns causing delays to major projects which led to a softening of revenues in the second half of the year. Refit recovered in the fourth quarter, and the Group are seeing the project deferrals starting to flow through into the order book during 2018.

Operating expenses before share option charges and exceptional items were €57.3m in the year (FY16: €50.1m). The increase in operating costs predominantly reflects higher direct manpower, materials and other operating expenses in line with the increased turnover.

With a gross profit margin across the Group of 27%, and adjusted EBITDA margin of 11.5%, we achieved adjusted EBITDA of €7.2m in the year (FY16: €6.7m); where the main contribution to this growth came from the new build division.

The Group delivered operating profit of €1.4m which includes €3.9m of exceptional items, mainly related to professional fees and other related fees arising in connection with the IPO and the acquisition of ACA Marine, the coating business located in the South of France. This was against a FY16 comparator of €1.9m which included €2.6m of exceptional items, mainly related to transaction fees in connection with the acquisition of Hemisphere Yachting Services, S.L.U. which was completed on 3 March 2016.

Financial expenses of €0.9m (FY16: €0.9m) related primarily to interest on the syndicated loan and loan notes (both signed in March 2016).

### EARNINGS PER SHARE AND DIVIDENDS

Net loss for the year was €0.4m (2016: profit €0.1m). Loss per share was €0.01 (FY16: earnings of €0.01 per share) and adjusted basic earning per share was €0.14 (FY16: €0.31 per share).

Basic earnings/(losses) per share are calculated by dividing net profit/(loss) for the year attributable to the Group (i.e. after tax and non-controlling interests) by the weighted average number of shares outstanding during that year.

Diluted earnings/(losses) per share have been calculated on a similar basis taking into account dilutive potential shares under the agreements disclosed in note 24 of the consolidated financial statements.

Adjusted basic earnings per share are presented to eliminate the effect of the exceptional items, amortisation of intangible assets and performance share plan costs (considering the tax effect of these adjustments).

<sup>1</sup> The financial information for the ten-month period ended 31 December 2016 is the trading period for GYG plc (former Global Yachting Group Limited) since its incorporation date in February 2016, starting trading on 4 March 2016, to 31 December 2016. As consequence the financial information for the twelve-month period ended 31 December 2017 is not directly comparable with that of the ten-month period ended 31 December 2016. To aid comparison to the twelve-month period ended 31 December 2017 (referred to "FY16"), we have set out above the comparative financial information for the twelve-month period ended 31 December 2016, as well as the ten month information (below). The comparative financial information for the twelve month period ended 31 December 2016 is the combination of:

- The consolidated financial information of Hemisphere Yachting Services, S.L.U. and its subsidiaries for the period from 1 January 2016 to 3 March 2016 (the period until the acquisition by Global Yachting Group Limited); and,
- The consolidated financial information of Global Yachting Group Limited for the period from 4 March 2016 to 31 December 2016.

	Year ended 31 December 2017	Combined Twelve-month period ended 31 December 2016	Ten-month period ended 31 December 2016
(Losses)/earnings for the period attributable to shareholders (€'000)	(349)	72	(926)
Weighted average number of shares	30,091,248	12,167,499	12,167,499
Basic (losses)/earnings per share (€)	(0.01)	0.01	(0.08)
Adjusted basic earnings per share (€)	0.14	0.31	0.22
Dilutive weighted average number of shares	30,460,009	12,167,499	12,167,499
Diluted (losses) per share (€)	(0.01)	0.01	(0.08)
Adjusted diluted earnings per share (€)	0.13	0.31	0.22

As stated in the Admission Document published at the time of the IPO, the Board's intention is to implement a progressive dividend policy in line with the growth in future earnings, subject to the discretion of the Board and to the Company having sufficient distributable reserves. For the year ended 31 December 2017 (being the first financial period end as an AIM quoted company), the Board recommends a total dividend for the year of 3.2 pence per ordinary share. This reflects an annualised dividend yield of 6.4% (calculated on the Placing Price) pro-rated for the period for which the Company has been AIM quoted before its financial year end (approximately six months).

#### FINANCIAL POSITION

Cash and cash equivalents totalled €6.2m at 31 December 2017, on par compared to €6.2m at 31 December 2016 and a stronger balance sheet having repaid €4.3m of loan notes and accrued interest on Admission, bringing the total net debt position to €6.7m at 31 December 2017 (FY16: €10.4m)

Total assets on the balance sheet were €52.7m as at 31 December 2017, compared to €43.8m as at 31 December 2016

reflecting the acquisition in France and the investment in scaffolding.

Total liabilities were €35.4m (FY16: €32.5m) after the repayment of the above-mentioned loan notes on the 5 July 2017 and total borrowings stood at €12.9m as at 31 December 2017 (FY16: €16.7m).

#### CASH FLOW

Net cash from operating activities was €0.4m for the year (FY16: €3.3m) significantly impacted by the exceptional items. Net cash used in investing activities was €2.2m mainly corresponding to the ACA Marine acquisition in March and significant capex investments in terms of scaffolding (cash from investing activities in 2016: €0.6m) and net cash from financing activities was €1.7m primarily arising from the gross proceeds of the placing on Admission that were used to partially offset the fees and expenses in relation to the IPO and the settlement of the pre-existing shareholders loan notes and accrued interests on Admission (FY16: €1.7m). Overall net cash inflow for the year was €0.0m (FY16: net cash inflow of €2.9m).

## KEY PERFORMANCE INDICATORS ("KPIs")

KPI	31/12/2017	Combined twelve months ended 31/12/2016	Consolidated ten months ended 31/12/2016
Revenue	€62.6m	€54.6m	€44.5m
Gross Margin	27.1%	28.0%	26.6%
Adjusted EBITDA	€7.2m	€6.7m	€5.4m
Adjusted EBITDA Margin	11.5%	12.2%	12.2%
External net debt	€6.7m	€10.4m	€10.4m
Coating Order Book	€20.4m	€17.9m	€17.9m
Average number of employees	437	431	431

# RISK MANAGEMENT AND PRINCIPAL RISKS

CATEGORY	RISK	DESCRIPTION	MITIGATION
COMMERCIAL	<b>Business and competitive environment</b>	<ul style="list-style-type: none"> <li>The Group operates in a competitive environment and may not be able to sustain its current market positions if it fails to compete successfully.</li> <li>A substantial portion of our revenues are generated from our recurring customers and the loss of any of these would adversely affect the Group.</li> <li>The Group's business is dependent on the demand for new super yachts and for ultra high net worth yacht owners, which may not grow as anticipated or may be impacted by general economic conditions and/or changes in regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure continuous high level quality standards in all services and products.</li> <li>Programme to improve the effectiveness of our projects and ensure that we optimise the performance of our current production capacity.</li> <li>Continuous market analysis to detect new opportunities.</li> <li>Increase the number and location of key customers.</li> <li>Continue establishing long term relationships with our clients.</li> </ul>
REPUTATIONAL	<b>Reputational risk</b>	<ul style="list-style-type: none"> <li>The Group's brands, image and reputation constitute a significant part of our value proposition. Accordingly, any event, such as adverse publicity or a significant project failure or warranty claim, that could damage the Group's image, reputation or brand, could have a material adverse effect on its business.</li> </ul>	<ul style="list-style-type: none"> <li>Compliance in all regulatory matters.</li> <li>Ensure high level quality in all services and products.</li> <li>A properly conceived and adequately resourced communication policy.</li> </ul>
HUMAN RESOURCES	<b>Key person dependency</b>	<ul style="list-style-type: none"> <li>The Group's business depends on key senior management and highly skilled and technical employees. The departure of any such personnel or the failure to recruit and retain additional personnel, could adversely affect the Group's business.</li> </ul>	<ul style="list-style-type: none"> <li>Executive Directors are significant shareholders in the Company and have a vested interest in ensuring its continued success.</li> <li>Succession planning is in place for senior positions.</li> <li>Ensure salary and benefits to be appropriate to the position, with particular attention paid to those in key roles to help ensure the long-term success of the Group.</li> </ul>
OPERATIONS	<b>Adverse weather and changes in pattern cruises</b>	<ul style="list-style-type: none"> <li>Hurricanes or violent storms could cause relevant delays in operations. Due to our asset light model, the risk of suffering assets damages is not relevant but there could be a change in the cruising patterns and conflict with the capacity plan causing potential delays.</li> </ul>	<ul style="list-style-type: none"> <li>Analysis of weather forecasts.</li> <li>In case of adverse weather, relocating the work as a consequence of the different locations in which the Group operates.</li> </ul>

# CORPORATE RESPONSIBILITY

## CORPORATE SOCIAL RESPONSIBILITY, COMMUNITY AND HUMAN RIGHTS

The Group recognises the increasing importance of corporate social responsibility and endeavours to take it into account when operating its business in the interests of its stakeholders, including its investors, employees, customers, suppliers, business partners and the communities where it conducts its activities.

The Group believes that having empowered and responsible employees who display sound judgment and awareness of the consequences of their decisions or actions, and who act in an ethical and responsible way, is key to the success of the business.

The operation of a profitable business is a priority and that means investing for growth as well as providing returns to its shareholders. To achieve this, the Group recognises that it needs to operate in a sustainable manner and therefore has adopted core principles to its business operations which provide a framework for both managing risk and maintaining its position as a good corporate citizen, and also facilitate the setting of goals to achieve continuous improvement.

The Group aims to conduct its business with integrity, respecting the different cultures and the dignity and rights of individuals in the countries where it operates. The Group supports the UN Universal Declaration of Human Rights and recognises the obligation to promote universal respect for, and observance of, human rights and fundamental freedoms for all, without distinction as to race, religion, gender, language or disability.

The Group has the aim that communities in which it operates should benefit directly from its presence through the wealth and jobs created, and the investment of its time and money in the community.

## CHARITABLE EVENTS

The Group organises an annual charity golf tournament, known as "The Pinmar Golf", which has now been running for 29 years. Since its inception, the Group has received donations from its supporters totalling in excess of €944,000 and, in 2017 alone, a record sum of €101,316 was raised by the event. The funds raised are distributed through The Pinmar Golf Charity Fund mainly to smaller local charities, and often to those organisations providing support to children. Donations are also made to industry-related causes such as marine conservation and, most recently, in respect of hurricane relief in the Caribbean. The annual winner of the tournament is also entitled to nominate a charity or charities to receive support in that given year. Further details of The Pinmar Golf and the charitable causes which have received support through the funds raised from this annual event may be found at <https://pinmargolf.es/charities.html>.

## HEALTH AND SAFETY

The Directors are committed to ensuring the highest standards of health and safety, both for employees and for the communities within which the Group operates. Peter Brown, the Group's Chief Operating Officer, is the person with overall responsibility for health and safety matters.

The Group seeks to meet legal requirements aimed at providing a healthy and secure working environment to all employees and understands that successful health and safety management involves integrating sound principles and practice into its day-to-day management arrangements and requires the collaborative effort of all employees. All employees are positively encouraged to be involved in consultation and communication on health and safety matters that affect their work.

## ENVIRONMENT

The Directors are committed to minimising the impact of the Group's operations on the environment. The Group recognises that its business activities have an influence on the local, regional and global environment and accepts that it has a duty to carry these out in an environmentally responsible manner. It is the Group's policy to endeavour to meet relevant legal requirements and codes of practice on environmental issues so as to ensure that any adverse effects on the environment are minimised. It strives to provide and maintain safe and healthy working conditions, and to keep its entire staff informed of its environmental policy whilst encouraging them to consider environmental issues as an everyday part of their role.

During the period, our Coating division has obtained the new ISO 14001:2015 certificate, confirming our continued leadership in our industry with regard to environmental matters.

The Strategic Report, comprising pages 10 to 16, has been approved by the Board and is signed by order of the Board by:

**REMY MILLOTT**  
**Chief Executive Officer**

18 April 2018

Registered office:  
Cannon Place  
78 Cannon Street  
London  
EC4N 6AF  
United Kingdom

Registered number: 10001363 (England & Wales)

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

**STEPHEN  
MURPHY**  
Independent  
Non-Executive  
Chairman



Stephen has a strong financial and operational background having accumulated over 30 years' experience in senior management positions and executive director roles. Previous roles include Group Finance Director, Executive Director, Transportation and subsequently Group CEO of Virgin Group Investments Limited – the worldwide holding company of the Virgin Group from 2005-2011, having succeeded Sir Richard Branson. Previous executive positions include Executive Chairman of IPPowerhouse and senior management positions at Quaker Oats Limited, Burton Group plc, and Pedigree Petfoods Limited (Mars UK). Stephen currently serves on several boards including Chairman of Ovo Energy Limited, Independent Director and Chair of the Audit and Risk Committee of The Business Growth Fund and Independent Director at Get Living London Ltd.

Previously, Stephen served as Chairman of Byron Hamburgers Limited, Wyevale Garden Centres and Jumeirah LLC, the UAE based hospitality group. Stephen is an Associate Member of the Chartered Institute of Management Accountants.

Stephen serves as the Chairman of the Remuneration Committee and Nomination Committee and is a member the Audit Committee. Stephen was appointed to the Board on 5 July 2017.

**REMY  
MILLOTT**  
Chief  
Executive  
Officer



Remy has over 35 years of yachting industry experience, having commenced his offshore career in 1982. He quickly progressed in his offshore career, becoming a yacht Captain by the age of 29. He joined Pinmar in 1996 and in 2003 led the management buyout in partnership with the Ferretti Group, becoming Managing Director in the process. Following a growth phase under partial Ferretti ownership, he led the acquisition of the scaffolding business in 2005 and the US business in 2009, the buy-back of the Ferretti shares in 2009 and subsequently the merger of Pinmar and Rolling Stock in 2012, to create GYG.

Remy was appointed to the Board on 3 March 2016.

**GLORIA  
FERNANDEZ**  
Chief  
Financial  
Officer



Gloria Fernandez started her career with Deloitte in audit and consulting, progressing to manager level in Deloitte Spain and Deloitte UK, having spent two years working in Scotland. Gloria joined the Group as CFO in 2012 after finalising the JV transaction between Pinmar and Rolling Stock and led the restructuring and post-merger integration.

Gloria was appointed to the Board on 3 March 2016.

**RUPERT  
SAVAGE**  
Managing  
Director



Rupert was a highly respected yacht captain for over 16 years and is still a keen racing yachtsman. He moved ashore and joined Rolling Stock in 2006 where he became Managing Director and was instrumental in the development and growth of the business into a leading player in the yacht painting and service sector. Rupert has been responsible for the integration of the various Group companies and runs the business on a day to day basis. Rupert continues to be influential in the strategic development of the Group, of which he is Group Managing Director.

Rupert was appointed to the Board on 3 March 2016.

**RICHARD  
KING**  
Independent  
Non-Executive  
Director



Richard spent 35 years with Ernst and Young LLP becoming deputy Managing Partner of UK & Ireland and a member of both the Europe, Middle East, India and Africa (EMEIA) Board and Global management group. Since leaving EY, Richard has been involved either as chairman or non-executive director on a variety of private and public companies and has been involved in company disposals in excess of £400 million. Richard is a partner at Rockpool Investments LLP and is on the advisory Board of Frogmore Property Group. He is also chair of trustees for the Willow Foundation.

Richard serves as the Chairman of the Audit Committee and is a member of both the Remuneration Committee and the Nomination Committee. Richard was appointed to the Board on 5 July 2017.

#### SENIOR MANAGEMENT

**PETER  
BROWN**  
Chief  
Operating  
Officer



Peter had a successful career as a yacht captain for over 16 years. He joined Pinmar in 1998 to develop the Barcelona facility and later became the General Manager of Pinmar. He headed up the expansion of Pinmar into the New Build sector in Germany in 2005, following which he took over Pinmar USA. Peter is now the Chief Operating Officer of the Group with a broad and deep experience of the yachting industry.

**ANDREW  
CLEMENCE**  
Chief  
Commercial  
Officer



Andrew has over 30 years' experience delivering strategic growth in the travel, hospitality and entertainment sectors. His formative management career was at Airtours plc where he held a number of senior management and board level positions in his 18 years' service, during which time the company transitioned from a small owner-managed business into a multi-billion pound global enterprise. Having acquiring an MBA from the Manchester Business School, Andrew continued his career as Chief Commercial Officer at the Blue Sea Hotel Group S.L. where he was responsible for sales and business development. He subsequently held the role of Chief Operating Officer at the Ibiza Rocks Group Ltd and, latterly, at Lowcosttravel Group Ltd, before joining GYG in November 2016 as Chief Commercial Officer for the Group responsible for global business development.

# DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 December 2017. The Corporate Governance Statement on pages 24 and 25 also forms part of this Directors' Report.

## GENERAL INFORMATION AND PRINCIPAL ACTIVITY

GYG plc is a public limited company incorporated in the United Kingdom, registered number 10001363, which is listed on the Alternative Investment Market ("AIM") of the London Stock Exchange. Its principal activity is that of a holding and investment company.

The principal activity of the Group in the year under review was that of a superyacht painting, supply and maintenance company, offering services globally through operations in the Mediterranean, Northern Europe and the United States.

## REVIEW OF BUSINESS

The Chairman's Statement on page 8, the Chief Executive's Report on pages 10 to 13 and the Financial Review on pages 14 to 16 provide a review of the business, the Group's trading for the year ended 31 December 2017, key performance indicators and an indication of future developments and risks, and form part of this Directors' Report.

## FUTURE DEVELOPMENTS

Likely future developments in the business of the Group are discussed in the Strategic Report.

## RESULTS AND DIVIDEND

The Group has reported its consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. The results for the period and financial position of the Company and the Group are set out in the financial statements and are reviewed in the Strategic Report.

The Company may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Board. Subject to the Companies Act 2006, the Board may pay interim dividends, and also any fixed rate dividend, whenever the financial position of the Company, in the opinion of the Board, justifies its payment. All dividends shall be apportioned and paid pro-rata according to the amounts paid up on the shares.

As stated in the Admission Document, the Board's intention is to implement a progressive dividend policy in line with the growth in future earnings, subject to the discretion of the Board and to the Company having sufficient distributable reserves. For the year ended 31 December 2017 (being the first financial period end as an AIM quoted company), the Board recommends a total dividend of 3.2 pence per ordinary share, equating to a 3.2% dividend yield, calculated on the Placing Price at IPO. This intention is based on an annualised dividend yield of 6.4% (calculated on the Placing Price) pro-rated for the period for which the Company will have been AIM quoted before its financial year end (approximately six months).

The dividend will be payable on 15 June 2018 to shareholders whose names appear on the register of members on 4 May 2018. The ex-dividend date will be 3 May 2018.

## DIRECTORS

The Directors of the Company who served during the year ended 31 December 2017 and up to the date of this report were as indicated in the table below:

Director	Capacity	Date of appointment if during the year	Date of resignation if during the year
Stephen Murphy	Non-Executive Chairman	5 July 2017	
Remy Millott	Chief Executive Officer		
Gloria Fernandez	Chief Financial Officer		
Rupert Savage	Group Managing Director		
Richard King	Non-Executive Director	5 July 2017	
Andrew Chetwood	Non-Executive Director		5 July 2017
Alan Dargan	Non-Executive Director		23 June 2017
Ben Evans	Non-Executive Director		23 June 2017
Jan Woitschatzke	Non-Executive Director		23 June 2017

The brief biographical details of the currently serving Directors are given on pages 18 and 19.

## DIRECTORS' INTERESTS

The Directors' interests in the Company's shares and options over ordinary shares are shown in the Directors' Remuneration Report on pages 30 to 33.

No Director has any beneficial interest in the share capital of any subsidiary or associate undertaking.

## DIRECTORS' INDEMNITY PROVISIONS

As permitted by the Company's articles of association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by s236 of the Companies Act 2006. The indemnity was in force throughout the financial period and at the date of approval of the financial statements. In addition, the Group has purchased and maintains Directors' and Officers' liability insurance in respect of itself and its Directors.

## OUR STAFF

The Group adopts a policy of equal opportunities in the recruitment and engagement of staff as well as during the course of their employment. It endeavours to promote the best use of its human resources on the basis of individual skills and experience matched against those required for the work to be performed.

The Group recognises the importance of investing in its employees and, as such, the Group provides opportunities for training and personal development and encourages the involvement of employees in the planning and direction of their work. These values are applied regardless of age, race, religion, gender, sexual orientation or disability.

The Group recognises that commercial success depends on the full commitment of all its employees and commits to respecting their human rights, to provide them with favourable working conditions that are free from unnecessary risk and to maintain fair and competitive terms and conditions of service at all times.

## POLITICAL AND CHARITABLE DONATIONS

The Company made no political donations during the reporting period.

Although the Company did not make any direct charitable donations during the year, it organised and facilitated The Pinmar Golf annual event, further details of which may be found on page 17. Funds raised by the event are distributed to beneficiaries through The Pinmar Golf Charity Fund on an ongoing basis.

## FINANCIAL INSTRUMENTS – RISK MANAGEMENT

The Group's financial risk management policy is set out in note 25 in the notes to the consolidated financial statements.

## SHARE CAPITAL STRUCTURE

The Company's share capital, traded on AIM, comprises of a single class of ordinary shares of £0.002 each in nominal value, each carrying one vote and all ranking equally.

Holders of ordinary shares are entitled to receive all shareholder documents, to attend, speak and exercise voting rights, either in person or by proxy, on resolutions proposed at general meetings, and to participate in any distribution of income or capital. There are no restrictions on the transfer of shares in the Company or in respect of voting rights attached to the shares. None of the shares carry any special rights with regard to the control of the Company.

Movements in the Company's issued share capital during the year under review are set out in note 21 to the financial statements.

As at 31 December 2017, the Company's issued share capital was £93,280, divided into 46,640,000 ordinary shares of £0.002 each in nominal value.

## MAJOR INTERESTS

As at 13 April 2018, being the latest practicable day prior to the publication of this report, the Company had been notified of the following shareholdings amounting to 3% or more of the issued share capital of the Company:

Shareholder	Number of shares held	% of issued shares
Woodford Investment Management Ltd*	9,023,102	19.34%
Lonsdale Capital Partners L.P.	7,822,912	16.77%
Old Mutual GI	5,504,000	11.80%
FIL Investments International	3,500,000	7.50%
Remy Millott	3,167,863	6.79%
Rupert Savage	2,535,231	5.44%
Close Brothers Asset Management	2,033,164	4.36%
Peter Brown	1,611,075	3.45%

\* (representing (in its capacity as agent and discretionary investment manager) its client, being certain discretionary managed funds and managed accounts)

# DIRECTORS' REPORT

## (CONTINUED)

### DIALOGUE WITH SHAREHOLDERS

The Company reports formally to shareholders when its full-year and half-year results are published. At the same time, Executive Directors present the results to institutional investors, analysts and the media. The Non-Executive Directors are available to discuss any matter stakeholders might wish to raise, and the Chairman and Independent Non-Executive Director attend meetings with investors and analysts as required.

The Company also maintains communication with institutional shareholders through individual meetings with the Executive Directors. At every Board meeting, the Chief Executive Officer provides a summary of the content of such meetings to ensure that major shareholders' views are communicated to the Board as a whole. The Board is also provided with brokers' and analysts' reports on a regular basis. This process enables the Chairman and the other Non-Executive Director to be kept informed of major shareholders' opinions on strategy and governance, and for them to understand any issues or concerns.

Shareholders are encouraged to attend the annual general meeting at which the Group's activities are considered, and questions answered by the Directors. General information about the Group is also available on the Company's website ([www.globalyachtinggroup.com](http://www.globalyachtinggroup.com)). This includes an overview of activities of the Group and details of all recent Company announcements.

### UK BRIBERY ACT 2010

The Group believes that it has robust policies and procedures for combating bribery and corruption. A copy of the Group's Anti-Corruption and Bribery Policy can be found on the Group's website [www.globalyachtinggroup.com](http://www.globalyachtinggroup.com).

### WARRANTS AND SHARE OPTIONS

As anticipated in the Admission Document, the Company granted a warrant to Zeus Capital Limited to subscribe for 466,400 ordinary shares, being equal to 1% of the ordinary share capital following Admission at a price per ordinary share of 131 pence. The Zeus warrant is capable of exercise during the period starting on the first anniversary of Admission and ending on the sixth anniversary of Admission. Further details are set out in note 24 to the financial statements.

Also, in line with the proposal set out in the Admission Document, on 11 July 2017 nil-cost options were granted under the PSP to the Executive Directors at an exercise price of £0.002 per share, further details of which are set out on page 33 of the Directors' Remuneration Report. These options will vest in 2020 to the extent to which stretching earnings per share targets are met in the financial year ending 31 December 2019.

### SIGNIFICANT AGREEMENTS

The Company is not party to any significant agreement which takes effect, alters or terminates upon a change of control of the Company other than the Directors' service contracts, details of which are set out in the Directors' Remuneration Report.

### GOING CONCERN

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors have considered the Company forecasts and projections, taking account of reasonably possible changes in trading performance and the current economic uncertainty, and are satisfied that the Group should be able to operate within the level of its current facilities.

Further, the Directors have reviewed the terms of the underlying agreements, including a review of forecast compliance with loan covenants, and are satisfied that these terms will be met for a period of no less than 12 months from the date of these financial statements. Accordingly, they have adopted the going concern basis in preparing this historical financial information.

### INDEPENDENT AUDITOR

Deloitte LLP has indicated that they are willing to continue in office as the Group's Auditor. A resolution to re-appoint Deloitte LLP as Auditor for the ensuing year will be proposed at the forthcoming annual general meeting.

### DISCLOSURE OF INFORMATION TO THE AUDITOR

As far as the Directors are aware, there is no relevant audit information (that is, information needed by the Group's Auditor in connection with preparing their report) of which the Group's Auditor are unaware, and each Director has taken all reasonable steps as a Director in order to make himself aware of any relevant audit information and to establish that the Group's Auditor are aware of that information.

### ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom on 29 May 2018 at 11.30 am. The notice convening the meeting is set out on pages 71 to 76 with a summary of the business to be transacted. A copy of the notice is also available on the Company's website at [www.globalyachtinggroup.com](http://www.globalyachtinggroup.com).

By order of the Board

**SUE STEVEN**  
**Company Secretary**

18 April 2018

# CORPORATE GOVERNANCE STATEMENT

## An introduction from the Chairman

Dear Shareholders

I have pleasure in introducing this Corporate Governance Statement. During the year to 31 December 2017, GYG was a private Group for the period to 4 July 2017 and corporate governance was dictated by the requirements of its key shareholders. Following the IPO on 5 July 2017, the Board has adopted the principles of the Quoted Companies Alliance Code (the "QCA" Code) to the extent they consider it is appropriate to do so to support the Group's governance framework.

In this section of the annual report, the Company's approach to governance is set out, and further information is provided on how the Board and its committees have operated following the IPO in July 2017.

The Board seeks to follow best practice in corporate governance to the extent appropriate to the Company's size, nature and stage of its development and in accordance with the regulatory framework that applies to AIM companies.

**STEPHEN MURPHY**  
Chairman

### THE BOARD

The Board is responsible to the shareholders and sets the Group's strategy for achieving long-term success. It is ultimately responsible for the management, governance, controls, risk management, direction and performance of the Group.

The Board currently comprises three Executive and two Non-Executive Directors. The skills and experience of the Board are set out in their biographical details on pages 18 and 19. The experience and knowledge of each of the Directors gives them the ability to challenge strategy constructively and to scrutinise performance.

The Chairman, Stephen Murphy, is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role, setting its agenda and ensuring that the Directors receive accurate, timely and clear information. The Chairman also ensures effective communication with shareholders and facilitates the effective contribution of Non-Executive Directors. The Chairman's other commitments are described on page 18. Remy Millott, as Chief Executive Officer, is responsible for the operational management of the Group and the implementation of Board strategy and policy. By dividing responsibilities in this way, no one individual has unfettered powers of decision-making.

The Directors acknowledge the importance of the principles of the QCA Code which recommend that a company should have at least two independent non-executive directors. The Board has, therefore, considered and determined that, since the date of their appointment on 5 July 2017, both the Chairman and the other Non-Executive Director are independent of the executive management and free from any relationship which could materially affect the exercise of their independent judgment.

The appointment of each of the Chairman and the other Non-Executive Director is for an initial term of three years, with such appointments being terminable by either the Company or the individual Director on three months' notice. Each appointment is contingent on satisfactory performance and to the re-election criteria more fully explained in the following paragraph.

### ELECTION OF DIRECTORS

The Company's current articles of association, which came into effect on 21 June 2017, state that all Directors are subject to election by shareholders at the first annual general meeting following their appointment by the Board. As all the current Directors have not been appointed or re-appointed by the Company in a general meeting since their appointment, they will all retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

At subsequent annual general meetings, one-third of the Directors must retire from office (or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third (unless their number is fewer than three, in which case one of them shall retire)). Additionally, any Director not otherwise required to retire from office at an annual general meeting shall do so unless he was appointed or re-appointed as a Director at either of the last two general meetings before that meeting.

### RESPONSIBILITIES OF THE BOARD

The Board meets regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Chief Financial Officer who is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

All Directors also have access to the advice and services of the Company Secretary. The removal and appointment of the Company Secretary is a matter reserved for Board approval. The Board also obtains advice from independent professional advisers as and when required.

At each of its meetings, the Board reviews the strategy and evaluates the progress of the Group in achieving its annual objectives. It also considers the risk of potential activities and monitors financial progress against budget.

# CORPORATE GOVERNANCE STATEMENT

## (CONTINUED)

In between Board meetings, the Executive Directors maintain regular informal contact with the Non-Executive Directors. Whilst the Board retains overall responsibility for, and control of the Group, day-to-day management of the business is conducted by the Executive Directors who meet with the senior management team on a weekly basis. The Non-Executive Directors also meet periodically without the presence of Executive Directors.

There is a formal schedule of matters reserved for decision by the Board in place which enables the Board to provide leadership and ensure effectiveness, a copy of which may be found at [www.globalyachtinggroup.com](http://www.globalyachtinggroup.com). Such matters include business strategy and management, financial reporting (including the approval of the annual budget), Group policies, corporate governance matters, major capital expenditure projects, materials acquisitions and divestments and the establishment and monitoring of internal controls.

The Board considers that it has shown its commitment to leading and controlling the Group by meeting five times since the date of the IPO. The attendance of each Director at Board and Committee meetings during the period 5 July to 31 December 2017 is set out in the table below:

Director	Board <sup>1</sup>	Audit Committee <sup>1</sup>	Remuneration Committee <sup>1</sup>	Nomination Committee <sup>1</sup>
Stephen Murphy	5/5	4/4	1/1	1/1
Remy Millott	5/5			
Gloria Fernandez	5/5			
Rupert Savage	5/5			
Richard King	5/5	4/4	1/1	1/1

<sup>1</sup> Attendance is expressed as the number of meetings attended/number eligible to attend. Directors' attendance by invitation at meetings of committees of which they are not a member is not reflected in the above table.

### INDUCTION OF NEW DIRECTORS AND PROFESSIONAL DEVELOPMENT

On joining the Board, new Directors are advised of their legal and other duties and obligations as a director of a listed company. They also take part in a formal induction process, including the provision of past Board materials to provide background information on the Company and information on Board processes and governance framework. The induction is tailored to meet each new Director's specific needs, and all the current Directors took part in a thorough induction process in conjunction with the Company's listing on AIM.

Throughout their period in office the Directors are continually updated on the Group's business, the industry and competitive environment in which it operates, corporate social responsibility matters and other changes affecting the Group by written briefings and meetings with senior executives. They are reminded by the Company Secretary of these duties and are also updated on changes to the legal and governance

requirements of the Group, and upon themselves as Directors, on an ongoing and timely basis.

### TIME COMMITMENTS

On joining the Board, Non-Executive Directors receive a formal appointment letter, which identifies the terms and conditions of their appointment and, in particular, the time commitment expected of them. A potential director candidate (whether an executive director or non-executive director) is required to disclose all significant outside commitments prior to their appointment.

The Board is satisfied that both the Chairman and the other Non-Executive Director are able to devote sufficient time to the Company's business.

### BOARD PERFORMANCE AND APPRAISAL

The Board is committed to a formal annual Board evaluation and it is expected that this will be conducted by way of a questionnaire and Chairman interviews during 2018, the current Board only having been formed in July 2017. The outcome of this evaluation will be published in the next annual report. The performance of the Board, its committees and that of the individual Directors is, however, monitored by the Chairman on an ongoing basis.

### EXTERNAL APPOINTMENTS

In the appropriate circumstances, the Board may authorise Executive Directors to take non-executive positions in other companies and organisations, provided the time commitment does not conflict with the Director's duties to the Company, since such appointments should broaden their experience. The acceptance of appointment to such positions is subject to the approval of the Chairman.

### CONFLICTS OF INTEREST

At each meeting the Board considers Directors' conflicts of interest. The Company's articles of association provide for the Board to authorise any actual or potential conflicts of interest.

### SHARE DEALING

The Directors understand the importance of complying with the AIM Rules and applicable legislation relating to dealings by Directors and employees of the Group in the Company's ordinary shares, and the Company has established a share dealing code which the Directors believe is appropriate for a company quoted on AIM and is compliant with Rule 21 of the AIM Rules relating to dealing policies. The Company and the Directors take all reasonable steps to ensure compliance by the Company's Directors and employees with such code.

### BOARD COMMITTEES

With effect from Admission on 5 July 2017, the Board has established a Nomination Committee, an Audit Committee and a Remuneration Committee. The Board has delegated specific responsibilities to those committees as detailed below, and copies of each Committee's terms of reference are available on the Company's website at [www.globalyachtinggroup.com](http://www.globalyachtinggroup.com).

The Company Secretary acts as secretary to each of the three Committees.

### Nomination Committee

Details of the activities and responsibilities of the Nomination Committee are set out on page 26.

### Audit Committee

A report on the duties of the Audit Committee and how it discharges its responsibilities is provided later in the Audit Committee report on pages 27 to 29.

### Remuneration Committee

The Directors' Remuneration Report and details of the activities of the Remuneration Committee are set out on pages 30 to 33. It sets out a summary of the Group's policy on remuneration, having due regard to the interests of shareholders, and details of the elements of the remuneration package of each individual Director.

## INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for the Group's internal control systems and for monitoring their effectiveness. The Board maintains a system of internal controls to safeguard shareholders' investment and the Group's assets, and has established a continuous process for identifying, evaluating and managing the significant risks the Group faces.

The Board delegates to management the responsibility for designing, operating and monitoring both the systems and the maintenance of effective internal controls within the Group. The Company has also introduced a whistleblowing policy.

Management is responsible for establishing and maintaining adequate internal control and risk management systems relating to the financial reporting process and the Group's process for the preparation of consolidated accounts. The systems and controls in place include policies and procedures which relate to the maintenance of records that accurately and fairly reflect transactions, correctly evidence and control the Group's assets, provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and review and reconcile reported results.

The Board's review process is, with the assistance of the Audit Committee, based principally on reviewing regular reports from management to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied or indicate a need for more extensive monitoring. The system is designed to manage rather than eliminate the risk of failure to achieve the Company's objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. In assessing what constitutes reasonable assurance, the Board considers the materiality of financial and non-financial risks and the relationship between the cost of, and benefit from, internal control systems.

A formal risk assessment exercise has been conducted by management in conjunction with those employees who have responsibility for specific controls. The process reviewed, identified and prioritised risks, evaluated controls and assessed whether any improvements to such controls were necessary. The results of the risk assessment were subsequently reviewed by the Board and any significant weakness or failing which had

been identified during the process was considered and, where it felt appropriate, the implementation of suitable remedial actions to mitigate the risk were approved by the Board.

In addition to the ongoing monitoring of risk, it is intended that such a formal risk assessment exercise will be conducted on an annual basis.

The other key procedures which exist to provide effective internal controls and risk management systems are as follows:

- lines of responsibility and delegated authorities are clearly defined;
- a formal risk register, which is regularly reviewed and updated;
- annual review of the Group's insurance policies with its insurance broker to ensure that the policies are appropriate for the Group's activities and exposures;
- a comprehensive system for consolidating financial results from Group companies and reporting these financial results to the Board;
- annual revenue, cash flow and capital forecasts reviewed regularly during the year, regular monitoring of management accounts and capital expenditure reported to the Board and regular comparisons with forecasts;
- financial controls and procedures;
- clear guidelines for the authorisation of significant transactions including capital expenditure and disposals under defined levels of authority;
- regular meetings of the Executive Directors; and
- an Audit Committee which approves audit plans and published financial information and reviews reports from the external Auditor arising from the audit and deals with significant control matters raised.

The Group's policies and procedures are regularly updated and distributed throughout the Group. The Board confirms that it has, during the reporting period, reviewed on an ongoing basis the effectiveness of the Company's system of internal controls including financial, operational and compliance controls and risk management systems and has reviewed insurance provisions. No significant failing or weaknesses have been identified.

The Board monitors the activities of the Group through regular Board meetings and it retains responsibility for approving any significant financial expenditure or commitment of resources.

# NOMINATION COMMITTEE REPORT

In accordance with its terms of reference, the Nomination Committee is responsible for reviewing the structure, size and composition of the Board based upon the skills, knowledge and experience required to ensure that the Board operates effectively, and for identifying and nominating, for the approval of the Board, candidates to fill board vacancies as and when they arise.

The Nomination Committee is also responsible for succession planning of the executive leadership team and makes recommendations to the Board for the re-appointment of any Non-Executive Directors if and when necessary.

Stephen Murphy acts as Chairman of the Nomination Committee and its other member is Richard King. Both members are independent. The Nomination Committee meets at least once a year and at other times as and when required. Details of meeting attendance are shown in the Corporate Governance Statement on pages 23 to 25.

Since its establishment on 5 July 2017, the Nomination Committee has met once. At that meeting it reviewed the structure, size and composition of the Board and was of the view that the current composition of the Board of three Executive Directors and two independent Non-Executive Directors was appropriate at the present time, particularly in light of the fact that the current Board had only been formed at the time of the IPO. However, the Nomination Committee would continue to monitor and keep under review the structure, size and composition of the Board. The Nomination Committee also noted its responsibilities on succession planning and agreed that this would to be reviewed on an ongoing basis alongside the capability of the senior management and Directors.

The Nomination Committee at its meeting during the period also considered the retirement and re-election of Directors, noting that under the Company's articles of association Directors were subject to election by shareholders at the first annual general meeting after their appointment, and to re-appointment thereafter by rotation. Accordingly, the Nomination Committee concluded that all five Directors would be required to retire at the forthcoming annual general meeting and, being eligible, would offer themselves for re-election.

**STEPHEN MURPHY**  
**Chairman of the Nomination Committee**

18 April 2018

# AUDIT COMMITTEE REPORT

## AUDIT COMMITTEE

The Audit Committee meets at least three times a year. Richard King acts as Chairman of the Audit Committee and has recent and relevant financial experience through his former role with EY as deputy Managing Partner of UK & Ireland and a member of both the Europe, Middle East, India and Africa (EMEIA) Board and Global management group, and his subsequent involvement either as chairman or non-executive director on a variety of private and public companies. He is also a Fellow of the Institute of Chartered Accountants. Stephen Murphy is the other member of the Audit Committee and is an Associate Member of the Chartered Institute of Management Accountants. Both of the Audit Committee members are independent.

In accordance with the FRC's Guidance on Audit Committees, no one other than the Audit Committee Chairman and the other member receive automatic invitations to meetings of the Audit Committee. The Chief Financial Officer and external Auditors are invited to attend meetings on a regular basis, and other non-members may be invited to attend all or part of any meeting and as and when considered appropriate and necessary.

The Audit Committee intends to meet the external Auditor at least once a year without executive management present, and the Chairman of the Audit Committee keeps in touch on a continual basis with the key people involved in the Company's governance, including the Chief Executive Officer, the Chief Financial Officer, the Company Secretary and the external audit lead partner. An induction programme is provided for new Audit Committee members covering the role of the Audit Committee, its terms of reference and an overview of the Group's business, including the main business and financial dynamics and risks.

## SUMMARY OF THE ROLE OF THE AUDIT COMMITTEE

In the course of discharging its duties and responsibilities, the Audit Committee focuses particularly on compliance with legal requirements and accounting standards and on ensuring that an effective system of internal financial controls is maintained.

The Audit Committee has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Group is properly measured and reported on, and for reviewing reports from the Group's Auditors relating to the Group's accounting and internal controls, in all cases having due regard to the interests of shareholders. Its other responsibilities include reviewing and monitoring:

- the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;
- the Group's internal financial controls and internal control and risk management systems;
- the requirement for an internal audit function;
- the Group's whistleblowing, fraud detection and anti-bribery procedures;
- the external Auditor's independence and objectivity and the effectiveness of the audit process; and
- making recommendations to the Board on the appointment and re-appointment of the Group's external Auditor.

The Audit Committee reports to the Board, identifying any need for action or improvement on any of these terms of reference and makes recommendations as to the steps to be taken. The effectiveness of the Audit Committee is reviewed by the Board annually.

## EXTERNAL AUDITORS

The Audit Committee is responsible for making recommendations to the Board on the appointment, reappointment and removal of the external Auditor and assesses annually the qualifications, expertise, resources, remuneration and independence of the external Auditor. The Audit Committee also receives a report on the external audit firm's own internal quality control procedures, and confirmation of the Auditor's independence. For each annual cycle, the Audit Committee ensures that appropriate plans are in place for the external audit.

Deloitte LLP are the Company's Auditor and were the Auditor of the Group for the financial years ended 31 December 2016, and 31 December 2017. Deloitte LLP are members of the Institute of Chartered Accountants in England and Wales. In accordance with professional standards, the Deloitte LLP partner responsible for the audit will be rotated every five years. The current audit partner was appointed in respect of the year ended 31 December 2016.

The Audit Committee annually reviews the effectiveness of the external Auditor. This process involves the external Auditor presenting to the Audit Committee its proposed audit scope, such presentation last having taken place in November 2017 in relation to the financial statements for the year ended 31 December 2017. The external Auditor also presents to the Audit Committee the output of its detailed year-end work and the Audit Committee challenges significant judgments (if any). In making its assessment of external Auditor effectiveness, the Audit Committee reviews the audit engagement letters before signature, reviews the external Auditor's summary of Company issues, and conducts an overall review of the effectiveness of the external audit process and the external Auditor. The Audit Committee reports its findings to the Board.

The Audit Committee and the Board have been satisfied with the performance of the external Auditor during the year, and with the policies and procedures they have in place to maintain their objectivity and independence. There are no contractual obligations restricting the Company's choice of external auditor.

The Audit Committee also approves in advance any non-audit services to be performed by the Auditor such as tax compliance and advisory work, audit-related assurance services (eg reviews of internal controls and reviewing the Group's interim financial statements).

# AUDIT COMMITTEE REPORT

## (CONTINUED)

### **EXTERNAL AUDITORS (continued)**

Any non-audit services that are to be provided by the external Auditor are reviewed in order to safeguard Auditor objectivity and independence. During the reporting period, non-audit services have been provided in respect of the interim review of the half year financial statements, reporting accountant services for the IPO which completed in July 2017, M&A due diligence for the acquisition of ACA SAS and tax compliance services. All non-audit services following the IPO have to be approved by the Chairman of the Audit Committee, who considers whether appropriate safeguards are in place in respect of non-audit services being delivered. These include delivery of non-audit services by a partner independent of the audit. Accordingly, the Board can confirm that during the reporting period there have been no non-audit services that are considered to have impaired the objectivity and independence of the external Auditor. A full breakdown of payments made to the external Auditor during the financial year is disclosed within note 7 on page 52.

### **WORK UNDERTAKEN BY THE AUDIT COMMITTEE SINCE THE IPO**

The Audit Committee has met four times since its establishment on 5 July 2017. Details of meeting attendance are shown in the Corporate Governance Statement on page 24. Deloitte LLP, as the Auditor, was also present at three of the meetings.

The key matters considered by the Audit Committee whilst discharging its duties and responsibilities are set out below:

- consideration and approval of the unaudited interim financial statements for the period ended 30 June 2017;
- discussions with the Auditor on the audit approach and strategy, the audit process, significant audit risks and key issues of focus for the annual audit;
- review of the financial integrity of the Group's financial statements including relevant corporate governance statements;
- approval of the audit fees for the financial year ended 31 December 2017;
- approval of non-audit work to be carried out by the Auditor;
- consideration the independence and objectivity of the external Auditor;
- review of the internal controls and risk management systems within the Group;
- consideration of the requirement for the Group to have an internal audit function;
- review of the effectiveness of the external Auditor, as more fully described above;
- approval of the continuing appointment of Deloitte LLP as the Group's Auditor; and
- post-period, review of the annual report and financial statements for the year ended 31 December 2017.

The ultimate responsibility for reviewing and approving the financial statements in the interim and annual reports remains with the Board.

### **SIGNIFICANT JUDGMENTS RELATED TO THE FINANCIAL STATEMENTS**

The Audit Committee, in consultation with management and the Auditor, has considered a number of significant judgments relating to the preparation of the financial statements contained in this Annual Report as follows:

#### ***Revenue recorded for significant contracts***

Revenue recorded through contract accounting is subject to estimation and judgment in the assessment of costs remaining to complete for contracts which are ongoing at year end. Understatement of expected or contingency costs would increase the percentage of completion causing revenue to be overstated. An overstatement of costs would have an opposite effect and impact on the completeness of revenue.

The Audit Committee has consulted with management and reviewed the Auditor's findings following their detailed testing and review procedures on selected contracts with higher risk characteristics and is satisfied that revenue has been properly recognised.

#### ***Accounting for the acquisition of ACA SAS***

##### ***(a) Completeness and accuracy of fair value adjustments***

As part of the process for accounting for the ACA acquisition, fair value adjustments have been recorded by management. There was a risk that these adjustments may be incomplete or inaccurate. A thorough review of fair value adjustments has been completed, agreeing estimates to latest evidence as appropriate, with the aim of confirming that the conditions for adjustment were in existence prior to the acquisition date and that the values agreed.

##### ***(b) Accuracy of consideration paid and net assets acquired***

As a result of the significant operational issues in ACA SAS at the time of acquisition, the estimation of the fair value of the consideration payable involved management's judgment with regard to negotiations with the former majority shareholder of ACA SAS. The key contractual terms of the legal agreements documenting those negotiations have been reviewed in detail.

The accuracy of the net assets acquired was also assessed which involved a detailed review of the relevant acquisition agreements and reports from management.

The Audit Committee has considered the Auditor's findings and discussed the outcomes with management and, after due consideration, believes that the accounting and disclosures relating to the ACA acquisition are appropriate.

**RISK MANAGEMENT AND INTERNAL CONTROL**

The Board has overall responsibility for the Group's internal control systems and for monitoring their effectiveness. The Board maintains a system of internal controls to safeguard shareholders' investment and the Group's assets, and has established a continuous process for identifying, evaluating and managing the significant risks the Group faces. The Board regularly reviews the process, which has been in place throughout the period and up to the date of approval of the annual report and financial statements.

The Board's internal control and risk management review process (conducted with the assistance of the Audit Committee), is outlined on pages 25 and 26.

**INTERNAL AUDIT**

The Board considers the need for an internal audit function annually and in consultation with the Auditor has concluded that, given the current size of the Group's operations, it is not necessary at this time. In forming its decision, the Audit Committee considered that all of the finance function is located at the Palma Mallorca head office, and this finance team makes regular visits to overseas locations. The efficacy of internal controls was considered during the IPO process and the Audit Committee still believes these controls to be sufficient for a business the scale and complexity of the Group.

Approved on behalf of the Board

**RICHARD KING**

**Chairman of the Audit Committee**

18 April 2018

# DIRECTORS' REMUNERATION REPORT

As Chairman of the Remuneration Committee, I am pleased to present our report for the year ended 31 December 2017.

This report does not constitute a full directors' remuneration report in accordance with the Companies Act 2006. As a company whose shares are admitted to trading on AIM, the Company is not required by the Companies Act to prepare such a report. We do, however, have regard to the principles of the QCA Code which we consider to be appropriate for an AIM company of our size. The report provides details of remuneration for all Directors and gives a general statement of policy on Directors' remuneration as it is currently applied. It also provides a summary of the long-term share incentive scheme currently in place.

**STEPHEN MURPHY**  
Chairman of the Remuneration Committee

## REMUNERATION COMMITTEE

### *Key responsibilities*

The Remuneration Committee is responsible for reviewing the performance of the Executive Directors and for determining their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of shareholders. The remuneration of the Non-Executive Directors is a matter for the Board or the shareholders (within the limits set out in the articles of association).

### *Composition and meetings*

The Remuneration Committee meets at least twice a year (and at such other times as may be deemed necessary). Stephen Murphy acts as Chairman of the Remuneration Committee, and Richard King is the other member. Both members are considered by the Board to be independent.

Only members of the Remuneration Committee have the right to attend meetings, but other Directors and external advisers may be invited to attend all or part of any meeting as and when appropriate. No Director may be involved in discussions relating to their own remuneration.

The Remuneration Committee was established on 5 July 2017 and met once during the period since that date. Details of meeting attendance are shown in the Corporate Governance Statement on page 24.

Post-period, the Remuneration Committee met to conduct a review of all aspects of the remuneration packages of the Executive Directors to ensure that they continue to reward and motivate achievement of medium and long-term objectives, and to align the interests of Executive Directors and shareholders. This assessment included:

- considering whether bonus targets had been achieved for the year ended 31 December 2017;
- reviewing basic salaries payable for the year ending 31 December 2018; and
- setting bonus performance targets for the year ending 31 December 2018.

## POLICY ON EXECUTIVE REMUNERATION

The Remuneration Committee recognises the importance of the Company's reward and performance strategy in recruiting and retaining high quality individuals who can lead, develop and sustain business growth over the longer term.

The policy of the Remuneration Committee is to ensure that the Executive Directors are fairly rewarded for their individual contributions to the Company's overall performance and to provide them with a competitive remuneration package (including long-term incentive plans) to attract, retain and motivate individuals of the experience and competence required to ensure that the Company is managed effectively and successfully in the interests of shareholders. When setting the remuneration policy for Directors, the Remuneration Committee reviews and has regard to the pay and employment conditions across the Group, especially when determining salary increases.

The Chairman of the Remuneration Committee may consult with major shareholders from time to time, or when any significant remuneration changes are proposed, to understand their expectations with regard to Executive Directors' remuneration and will report back to the Remuneration Committee. Any other concerns raised by individual shareholders will also be considered. The Remuneration Committee also takes into account emerging best practice and guidance from major institutional shareholders.

The main elements of the remuneration packages of the Executive Directors are as follows:

### *Basic annual salary*

Basic salary is reviewed annually by the Remuneration Committee and takes into account a number of factors, including the current position and development of the Group, individual contribution and market salaries for comparable organisations. There is no prescribed minimum or maximum increase, and there is no obligation on the Remuneration Committee to increase basic salary.

Directors' salaries for the year ending 31 December 2018 remain at the same level as for the year ended 31 December 2017.

The Company does not provide an occupational pension scheme for Executive Directors, nor does it make contributions into the private pension schemes of the Executive Directors.

### *Discretionary bonus*

At the discretion of the Remuneration Committee, taking into account performance against certain financial and individual targets, an Executive Director may be entitled to an annual discretionary cash bonus on such terms and subject to such conditions as may be decided from time to time by the Remuneration Committee. Bonuses will normally be capped at 80% of the relevant Executive Director's salary.

On conducting its review of performance against the bonus targets which had been set for the year ended 31 December 2017, the Remuneration Committee concluded that these targets had not been sufficiently met and, therefore, no bonuses were awarded to the Executive Directors for that period.

For the year ending 31 December 2018, the annual bonuses for Executive Directors will be determined by a combination of the achievement of financial targets and individual targets. The individual targets are linked to certain KPIs and are underpinned by a condition relating to the Company's financial performance.

The Board considers that the actual targets for the year ending 31 December 2018 bonus are commercially sensitive and full details will be disclosed retrospectively in the Annual Report for that financial year, provided they are not considered commercially sensitive at that time. In accordance with the Directors' remuneration policy, targets are stretching and aimed at rewarding performance against specific near-term goals, which are consistent with the interests of shareholders and the overall strategic direction of the business.

#### Long-Term Incentive Plan

In order to operate the discretionary share-based incentive awards to Executive Directors and selected employees, the Company has established a performance share plan, the GYG plc Performance Share Plan 2017 (the "PSP"), which was adopted by the Board on 23 June 2017. This is expected to form the sole long-term incentive arrangement for Executive Directors and selected senior managers.

The Remuneration Committee supervises the operation of the PSP. Any employee (including an Executive Director) of the Company and its subsidiaries is eligible to participate in the PSP at the discretion of the Remuneration Committee.

The Remuneration Committee may grant awards to acquire ordinary shares as conditional share awards or as nil (or nominal) cost options. The Remuneration Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash, although it is not the current intention to do so.

The extent of vesting of awards granted to the Executive Directors of the Company will normally be subject to performance conditions set by the Remuneration Committee measured over at least three years. The extent of vesting of awards granted to other participants may be subject to performance conditions set by the Remuneration Committee.

In line with the proposal set out in the Admission Document, on 11 July 2017 nil-cost options were granted under the PSP to the Executive Directors at an exercise price of £0.002 per share, further details of which are set out on page 33 this Directors' Remuneration report. These options will vest in 2020 to the extent to which stretching earnings per share targets are met in the financial year ending 31 December 2019.

#### Benefits in kind

Ancillary benefits provided to Executive Directors currently include critical illness cover, the reimbursement of all reasonable and authorised expenses and (in the case of the Chief Executive Officer and the Managing Director) provision of a company car. The Remuneration Committee reviews the level of benefit provision from time to time and has the flexibility to add or remove benefits to reflect changes in market practices or the operational needs of the Company.

#### DIRECTORS' REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2017

The remuneration of the Directors who served on the Company's Board during the year to 31 December 2017 was as set out in the table below:

There are no arrangements under which any Director has waived or agreed to waive future emoluments, nor have there been any such waivers or emoluments during the financial year immediately preceding the date of this report.

	Year ended 31 December 2017			Year ended 31 December 2016		
	Basic salary and fees £'000	Bonus £'000	Total £'000	Basic salary and fees £'000	Bonus £'000	Total £'000
<b>Executive Directors</b>						
Remy Millott <sup>1</sup>	301.9	—	301.9	310.4	—	310.4
Gloria Fernandez <sup>1</sup>	137.2	—	137.2	118.8	175.0	293.7
Rupert Savage <sup>1</sup>	275.6	—	275.6	289.5	—	289.5
<b>Non-Executive Directors</b>						
Stephen Murphy <sup>2</sup>	50	100	150	—	—	—
Richard King <sup>2, 3</sup>	25	50	75	—	—	—
Andrew Chetwood <sup>4, 5</sup>	—	—	—	—	—	—
Alan Dargan <sup>4, 5</sup>	—	—	—	—	—	—
Ben Evans <sup>4, 5</sup>	—	—	—	—	—	—
Jan Woitschatzke <sup>4</sup>	12.5	—	12.5	32.6	—	32.6

<sup>1</sup> Appointed 3 March 2016.

<sup>3</sup> Richard King is entitled to an additional fee of £10,000 per annum in respect of his role as the Chairman of the Audit Committee, which is included in the total above.

<sup>2</sup> Appointed 5 July 2017.

<sup>4</sup> Resigned prior to Admission on 5 July 2017.

<sup>5</sup> These Directors did not receive any fees during their tenure on the Board.

# DIRECTORS' REMUNERATION REPORT

(CONTINUED)

## POLICY ON NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-Executive Directors receive a fixed fee and do not receive any pensions payments or other benefits. An additional fee is payable to the Director performing the role of Chairman of the Audit Committee.

Ordinarily, the Non-Executive Directors do not participate in bonus or incentive schemes. However, each of the current Non-Executive Directors was entitled to a payment on Admission in acknowledgment of Non-Executive Director services carried out for the Company prior to their formal appointment becoming effective. Such payment was split as to (i) a cash bonus; and (ii) a gift of ordinary shares from pre-Admission existing shareholders, each in the amount set out in the following table, with the ordinary shares being gifted valued at the Placing Price. Each of the Non-Executive Directors has indicated that it is their current intention to retain the ordinary shares gifted to them (following any sales to pay tax) for the medium to long term.

Non-Executive Director	Gross amount of cash bonus paid on Admission	Value of share gift (at the Placing Price)
Stephen Murphy	£100,000	£90,000
Richard King	£50,000	£45,000

## DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Copies of currently serving Directors' service contracts and letters of appointment (listed below) are available for inspection at the Company's registered office.

Executive Director	Date of service contract
Remy Millott	23 June 2017
Gloria Fernandez	23 June 2017
Rupert Savage	23 June 2017

Director	31 December 2017 Number of ordinary shares of £0.002 each	31 December 2016 Number of ordinary shares of €0.01 each	As at date of report or date of resignation (if earlier)	
			Number of ordinary shares of £0.002 each	
Remy Millott	3,167,863	1,704,760	3,167,863	
Gloria Fernandez	278,297	1,800	278,297	
Rupert Savage	2,535,231	1,372,422	2,535,231	
Stephen Murphy	240,000	—	240,000	
Richard King	95,000	—	95,000	
Andrew Chetwood	—	—	—	
Alan Dargan	—	—	—	
Ben Evans	—	—	—	
Jan Woitschatzke	684,039	562,500	684,039	

All interests are beneficially held. There is no requirement for Directors to hold shares in the Company.

**Directors' interests in share options**

Details of options over ordinary shares of £0.002 each awarded under the PSP to Directors who served during the year are set out in the table below:

Director	As at 31 December 2016	Granted during the period	Options exercised during the period	Options lapsed during the period	As at 31 December 2017	Exercise price	Earliest date from which exercisable	Expiry date
Remy Millott	—	82,500	—	—	82,500	£0.002	11/07/2020 <sup>1</sup>	11/07/2027
Gloria Fernandez	—	49,500	—	—	49,500	£0.002	11/07/2020 <sup>1</sup>	11/07/2027
Rupert Savage	—	74,250	—	—	74,250	£0.002	11/07/2020 <sup>1</sup>	11/07/2027
	—	206,250	—	—	206,250			

<sup>1</sup> Options will normally vest on the later of (i) the third anniversary of the date of grant; and (ii) the Remuneration Committee determining the extent to which the performance targets have been satisfied.

**CONCLUSION**

This report is intended to provide shareholders with sufficient information to judge the impact of the decisions taken by the Remuneration Committee and to assess whether remuneration packages for Directors are fair in the context of business performance.

The Remuneration Committee is mindful of shareholder views, and we believe that our Directors' remuneration policy is aligned with the achievement of the Company's business objectives and the interests of shareholders.

**STEPHEN MURPHY**  
**Chairman of the Remuneration Committee**

18 April 2018

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

## IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statement in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law, they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards, as adopted by the EU, and applicable law, and have elected to prepare the parent company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statement on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

### RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

**REMY MILLOTT**  
Chief Executive Officer

**GLORIA FERNANDEZ**  
Chief Financial Officer

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GYG PLC

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

#### In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2017 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of GYG plc (the 'parent company') and its subsidiaries (the 'Group') which comprise:

- the consolidated statement of comprehensive income;
- the consolidated balance sheet;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement;
- the Group related notes 1 to 28;
- the parent company balance sheet;
- the parent company statement of changes in equity; and
- the parent company related notes 1 to 7.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GYG PLC (CONTINUED)

## Revenue recorded for significant contracts

<b>Key audit matters</b>	The key audit matters that we identified in the current year were: <ul style="list-style-type: none"><li>• Accounting for the acquisition of ACA SAS; and</li><li>• Revenue recorded for significant contracts not completed at year end.</li></ul>
<b>Materiality</b>	The materiality that we used in the current year was €400k which was determined using a range of bases. This equates to 0.6% of revenue, 9.5% of pre-tax profit before exceptional items and 5.5% of adjusted EBITDA.
<b>Scoping</b>	Our audit scope covered 12 components. Of these 12, four were subject to a full audit, whilst the remaining eight were subject to specified audit procedures. The coverage achieved was 100% of revenue, 98% for both expenses and net assets.

## Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**We have nothing to report in respect of these matters.**

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Accounting for the acquisition of ACA SAS

#### Key audit matter description



On 11 March 2017, the Group acquired 70% of the equity of ACA SAS for €1,429 thousand funded by cash. The acquisition resulted in recognition of customer relationships of €626 thousand, brand of €547 thousand and goodwill of €710 thousand. There is judgement involved in assessing the fair value of net assets, in particular in assessing the status of certain significant coating and painting contracts of large vessels ongoing at the point of acquisition.

In addition, there were significant operational issues in ACA SAS at the point of acquisition and therefore, estimation of the fair value of the consideration payable involves judgement related to the negotiations with the former majority shareholder of ACA SAS.

Please see critical judgements and accounting policy on pages 45 to 50 and 62 to 63, notes 2, 3 and 22 and discussion in the Strategic Report on page 28.

**How the scope of our audit responded to the key audit matter**


We evaluated the design and implementation of controls over the acquisition accounting process.

We assessed the accuracy of the net assets acquired and the fair value acquisition adjustments calculated by management by: reviewing in detail the relevant acquisition agreements, meeting with operational management regarding the status of ongoing contracts at the point of acquisition and inspection of supporting documentation. Specialists were used in our assessment of the appropriateness of intangible assets identified on acquisition. We also reviewed the adequacy of the disclosures in the financial statements relating to the acquisition.

We assessed the determination of the consideration value by reviewing the legal agreements to understand the key contractual terms and negotiations with the former majority shareholder of ACA SAS.

**Key observations**


We concluded that the acquisition of ACA SAS has been appropriately accounted for and disclosed in the financial statements. We found no material issues as a result of our procedures.

**Revenue recorded for significant contracts**
**Key audit matter description**


The total revenue of the Group is €62,638 thousand, which consists mainly of significant contracts relating to coating and painting of large vessels. There is a risk that revenue recorded in respect to ongoing contracts is incorrectly calculated or recorded in the wrong period due to management judgement involved in the calculation, specifically in relation to estimates of costs to complete of contracts ongoing at year-end and any amendments to the original contract.

Please see critical judgements and accounting policy on pages 45 to 52, notes 2, 3 and 4 and discussion in the Strategic Report on page 28.

**How the scope of our audit responded to the key audit matter**


We evaluated the design and implementation of controls over the revenue cycle.

We evaluated management's methodology for compliance with accounting standards, re-performed calculation of the costs to complete, checked percentage completion to third party records and those of operational management, reviewed the appropriateness of the movements in the year and assessed the historical accuracy of management's estimates through prior years by comparison to forecasting precision in previous years.

**Key observations**


We concluded that the revenue recorded for the GYG contracts has been appropriately accounted for. We found no material issues as a result of our procedures.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GYG PLC (CONTINUED)

## Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	€400k	€340k
Basis for determining materiality	The materiality was determined using a range of bases. This equates to 0.6% of revenue, 9.5% of pre-tax profit before exceptional items and 5.5% of adjusted EBITDA.	The materiality was determined based on 2% of total assets.
Rationale for the benchmark applied	We considered a range of bases in determining materiality including revenue, pre-tax profit before exceptional items and adjusted EBITDA on the basis that these measures are all key performance indicators used by the market.  Pre-tax profit and EBITDA were adjusted to exclude costs that are non-recurring (see notes 2.9 and 2.10 to the financial statements). This basis is consistent with management's focus on adjusted metrics to evaluate financial performance.	We considered total assets the key performance indicator used by the market for a holding company.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of €20k, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## An overview of the scope of our audit

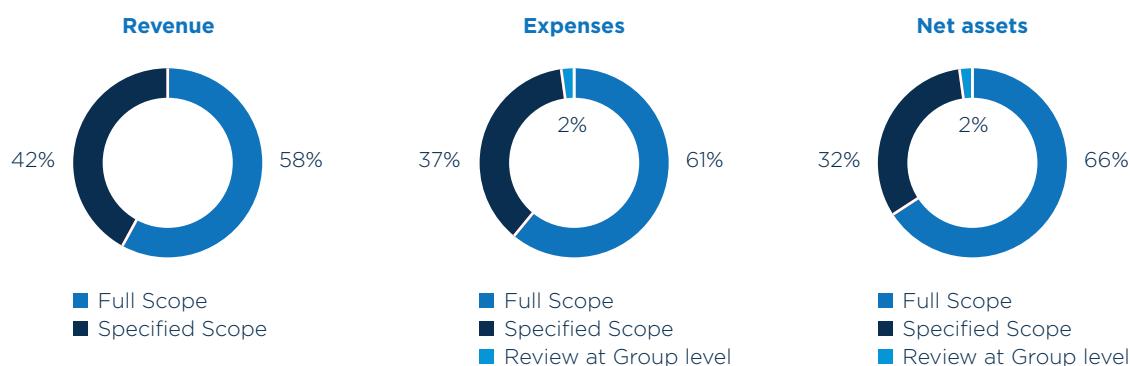
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risk of material misstatement at the Group level. The Group's head office is located in Palma, Spain and all the books and records for the Group are maintained there. Therefore, we have involved a component audit team based in Spain.

We focused our Group audit scope on 12 components. We perform full scope audits for four of the Group's subsidiaries, including the newly acquired ACA SAS. Specified audit procedures were performed on material account balances in the remaining eight components. These components account for 100% of the Group's revenue, 98% of the Group's expenses and 98% of the Group's net assets.

At the Group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining balances not subject to full audit, or audit of specified account balances.

The Group audit team maintained high level of oversight of the work performed by the component audit team, including numerous onsite visits, regular briefings and discussions, inclusion in their risk assessments processes and review documentation of the findings of their work.

## An overview of the scope of our audit (continued)



## Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

**We have nothing to report in respect of these matters.**

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

## Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GYG PLC (CONTINUED)

## Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and or the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

### Matters on which we are required to report by exception

#### *Adequacy of explanations received and accounting records*

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

**We have nothing to report in respect of these matters.**

#### *Directors' remuneration*

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

**We have nothing to report in respect of this matter.**

**SIMON OLSEN**  
**FCA (Senior statutory auditor)**

For and on behalf of Deloitte LLP  
Statutory Auditor  
London

18 April 2018

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	Note	Year ended 31 December 2017 €'000	Period from 11 February 2016 to 31 December 2016 €'000
<b>Continuing operations</b>			
Revenue	4	<b>62,638</b>	44,453
Operating costs		<b>(61,235)</b>	(43,680)
Adjusted EBITDA		<b>7,191</b>	5,404
Depreciation and amortisation		<b>(1,822)</b>	(2,133)
Performance share plan		<b>(67)</b>	—
Exceptional items	6	<b>(3,899)</b>	(2,498)
<b>Operating profit</b>	5	<b>1,403</b>	773
Finance costs – net	9	<b>(879)</b>	(839)
<b>Profit/(Loss) before tax</b>		<b>524</b>	(66)
Tax	10	<b>(908)</b>	(860)
<b>(Loss) for the period</b>		<b>(384)</b>	(926)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<b>(96)</b>	28
<b>Total comprehensive loss for the period</b>		<b>(480)</b>	(898)
Loss for the period attributable to:			
Owners of the Company		<b>(349)</b>	(926)
Non-controlling interest		<b>(35)</b>	—
Total comprehensive loss for the period attributable to:			
Owners of the Company		<b>(445)</b>	(898)
Non-controlling interest		<b>(35)</b>	—
<b>Loss per share (€)</b>	11		
From continuing operations			
Basic		<b>(0.01)</b>	(0.08)
Diluted		<b>(0.01)</b>	(0.08)

# CONSOLIDATED BALANCE SHEET

As at 31 December 2017	Note	2017 €'000	2016 €'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	12	9,292	8,704
Other intangible assets	12	12,720	12,552
Property, plant and equipment	13	8,352	5,983
Other financial assets	25	1,621	1,620
Deferred tax assets	10	601	276
<b>Total non-current assets</b>		<b>32,586</b>	29,135
<b>Current assets</b>			
Inventories	14	3,067	2,068
Trade and other receivables	15	10,848	6,345
Cash and cash equivalents	16	6,236	6,207
<b>Total current assets</b>		<b>20,151</b>	14,620
<b>Total assets</b>		<b>52,737</b>	43,755
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	19	(16,393)	(9,984)
Borrowings	17	(3,278)	(2,107)
Provisions	20	(304)	(615)
Derivative financial instruments	25	(16)	(38)
<b>Total current liabilities</b>		<b>(19,991)</b>	(12,744)
<b>Net current assets</b>		<b>160</b>	1,876
<b>Non-current liabilities</b>			
Borrowings	17	(9,638)	(14,547)
Deferred tax liabilities	10	(3,952)	(3,894)
Long-term provisions	20	(819)	(1,300)
Other financial liabilities	22	(964)	—
<b>Total non-current liabilities</b>		<b>(15,373)</b>	(19,741)
<b>Total liabilities</b>		<b>(35,364)</b>	(32,485)
<b>Net assets</b>		<b>17,373</b>	11,270
<b>EQUITY</b>			
Share capital	21	106	122
Share premium		7,035	12,046
Retained earnings		10,716	(926)
Translation reserve		(68)	28
Capital redemption reserve		114	—
Share based payment reserve	24	159	—
<b>Equity attributable to owners of the Company</b>		<b>18,062</b>	11,270
<b>Non-controlling interest</b>		<b>274</b>	—
<b>Put option reserve</b>	22	<b>(963)</b>	—
<b>Total equity</b>		<b>17,373</b>	11,270

These financial statements were approved and authorised for issue by the Board of Directors on 18 April 2018 and were signed on its behalf by:

Remy Millott  
Chief Executive Officer

Gloria Fernandez  
Chief Financial Officer

Registered Number: 10001363

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital €'000	Share premium €'000	Retained earnings €'000	Translation reserves €'000	Capital redemption reserve €'000	Share based payment reserve €'000	Total €'000	Non-controlling interests €'000	Put option reserve €'000	TOTAL EQUITY €'000
<b>Balance at 11 February 2016</b>										
Issue of share capital	122	12,046	—	—	—	—	12,168	—	—	12,168
Total comprehensive (loss) for the period	—	—	(926)	28	—	—	(898)	—	—	(898)
<b>Balance at 31 December 2016</b>										
Issue of share capital	98	7,901	(79)	—	—	—	7,920	—	—	7,920
Costs related to issue of share capital	—	(842)	—	—	—	—	(842)	—	—	(842)
Reduction of share premium	—	(12,070)	12,070	—	—	—	—	—	—	—
Acquisition of subsidiary	—	—	—	—	—	—	—	309	(963)	(654)
Share buy back	(114)	—	—	—	114	—	—	—	—	—
Credit to equity for share based payments	—	—	—	—	—	—	159	159	—	159
Total comprehensive loss for the period	—	—	(349)	(96)	—	—	(445)	(35)	—	(480)
<b>Balance at 31 December 2017</b>										
	<b>106</b>	<b>7,035</b>	<b>10,716</b>	<b>(68)</b>	<b>114</b>	<b>159</b>	<b>18,062</b>	<b>274</b>	<b>(963)</b>	<b>17,373</b>

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2017	Note	2017 €'000	2016 €'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (I)</b>	23	<b>428</b>	4,512
- Purchase of intangible assets		(48)	—
- Purchase of property, plant and equipment		(1,144)	(493)
- Proceeds from disposal of property, plant and equipment		5	32
- Acquisition of subsidiary	22	(1,053)	(7,702)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES (II)</b>		<b>(2,240)</b>	(8,163)
- Proceeds from bank borrowings		500	2,670
- Payment of costs incurred to issue shares		(842)	—
- Proceeds on issue of shares		7,920	8,090
- Repayment of borrowings		(5,889)	(902)
<b>CASH FLOWS FROM FINANCING ACTIVITIES (III)</b>		<b>1,689</b>	9,858
Effect of foreign exchange rate changes (IV)		<b>152</b>	—
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)</b>		<b>29</b>	6,207
Cash and cash equivalents at the beginning of the period		<b>6,207</b>	—
Cash and cash equivalents at the end of the period		<b>6,236</b>	6,207

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 1. GENERAL INFORMATION

GYG plc (hereinafter the "Company") was incorporated on 11 February 2016, as a private company limited by shares, as Dunwilco 2016 Limited under the United Kingdom Companies Act 2006. Subsequently, on 21 May 2016, the Company's corporate name was changed to Global Yachting Group Limited, on 25 May 2017 to GYG Limited, on 22 June 2017 the Company re-registered as a public limited company and on 5 July 2017 the Company completed an Initial Public Offering ("IPO") and was admitted to the AIM Market of the London Stock Exchange (see note 22). The address of the registered office is Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom.

The principal activity of the Group is superyacht painting, supply and maintenance, offering services globally through operations in the Mediterranean, Northern Europe and the United States.

These consolidated financial statements are presented in Euro which is the currency of the primary economic environment in which the Group operates.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1. Basis of preparation

These consolidated financial statements were prepared by the Board of Directors in accordance with the application of International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The consolidated financial statements have been prepared under the historical cost convention unless indicated otherwise in the notes to the consolidated financial statements.

The principal accounting policies adopted are set out below.

#### *Comparative information*

The financial information for the 10 month period ended 31 December 2016 is the trading period for GYG plc (former Global Yachting Group Limited) since its incorporation date in February 2016, starting trading on 4 March 2016, to 31 December 2016. As consequence the financial information for the twelve-month period ended 31 December 2017 is not directly comparable with that of the ten-month period ended 31 December 2016.

### 2.2. Adoption of international financial reporting standards

In the current year, the Group has adopted the amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatory effective for an accounting period that begins on or after 1 January 2017. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective for the period ended 31 December 2017. However, they are available for early application:

- IFRS 15 "Revenue from contracts with customers". IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. Its application is effective for an entity's first annual IFRS financial statements for periods beginning on or after 1 January 2018, with early adoption permitted. Management have performed an initial analysis on the type of revenues and contracts with customers, concluding that the standard is not expected to have a significant impact on the Group financial statements.
- IFRS 9 "Financial instruments". IFRS 9 is the IASB's replacement of IAS 39 Financial Instruments "Recognition and Measurement". This replacement introduces a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. Its application is effective for reporting periods beginning on or after January 1, 2018, with early adoption permitted. Management have performed an analysis on the type of financial instruments, concluding that the standard is not expected to have a significant impact on the Group financial statements.
- IFRS 16 "Leases" (published in January 2016). New standard on leases. IFRS 16 is the IASB's replacement of IAS 17. Its application is effective for reporting periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. IFRS 16 replaces the straight-line operating lease expense for those leases applying IAS 17 with a depreciation charge for the lease asset (included within operating costs) and an interest expense on the lease liability (included within finance costs). At 31 December 2017 operating lease commitments amounted to €3,746 thousand before the application of any discount rate to these future cash flows, and the charge to the income statement for operating lease costs was €999 thousand. Management are in the process of performing further analysis to determine the value of the right-of-use asset and associated lease liabilities, including whether and when extension and termination options are likely to be exercised.

### 2.3. Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors have considered the Group forecasts and projections, taking account of reasonably possible changes in trading performance and the current economic uncertainty, and are satisfied that the Group should be able to operate within the level of its current facilities. Further, the Directors have reviewed the terms of the underlying agreements, including a review of forecast compliance with loan covenants, and are satisfied that these terms will be met for a period of no less than 12 months from the date of these financial statements. Accordingly, they have adopted the going concern basis in preparing these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 2.4. Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (and its subsidiaries) made up to 31 December each period.

Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation process.

## 2.5. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquire. Acquisition-related costs are recognised in profit or loss as incurred.

The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

## 2.6. Intangible assets

### *Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful economic lives. The estimated useful economic life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful economic lives that are acquired separately are carried at cost less accumulated impairment losses.

Computer software is valued at acquisition cost, amortisation is registered as a function of the useful economic life determined between 3 and 5 years.

### *Goodwill*

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquire and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date fair value of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there

is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### *Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Order backlog has an estimated useful economic life of less than one year. Customer relationships and brands have an estimated useful economic life of 15 years.

### *Derecognition of intangible assets*

An Intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

## 2.7. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for any rebates and other similar allowances.

### *Sale of goods*

Supply revenues from the sale of goods are recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of the revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### *Rendering of services*

Coating revenues from contracts to provide services are recognised by reference to the stage of completion method. The stage of completion of a contract is determined as follows:

- Revenue is recognised by reference to the stage of completion of the refit or new build project, determined as the proportion of the total time expected on the project that has elapsed at the end of the reporting period;
- revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred; and
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold.

## 2.8. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as obligations under finance leases.

Finance lease payments are apportioned between interest and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Interest on obligations under finance leases is recognised in profit or loss. Rentals payable under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## 2.9. Exceptional items

Certain items are presented in the Consolidated Statement of Comprehensive Income as exceptional where, in the judgement of the Directors, by virtue of their nature, size or incidence in order to obtain a clear and consistent presentation of the Group's underlying business performance they need to be disclosed separately. Examples of items which may give rise to disclosure as exceptional items include restructuring costs and transaction fees. See note 6 for further details.

## 2.10. Adjusted EBITDA

Certain non-IFRS measures such as operating profit before finance costs, taxation, depreciation, amortisation, performance share plan charges and exceptional items ("Adjusted EBITDA") have been included in the financial information, as the Directors and Proposed Directors believe that these provide important alternative measures with which to assess the Group's performance. You should not consider "Adjusted EBITDA" as an alternative for Revenue or Operating Profit which are IFRS measures. Additionally, the Company's calculation of "Adjusted EBITDA" may be different from the calculation used by other companies and therefore comparability may be limited.

## 2.11. Foreign currency

For the purpose of presenting these financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity (attributed to no monetary items are recognised in profit or loss in the period in which they arise except for non-controlling interests as appropriate). Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

## 2.12. Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

### 2.12.1. Current Tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

The Spanish subsidiaries group companies, are included in a consolidated tax return within fiscal group under Spanish regulation.

### 2.12.2. Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 2.12.2. Deferred Tax (continued)

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the consolidated statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

## 2.13. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost of assets (other than land and assets under construction) less their residual values over their useful economic lives, using the straight-line method in the following bases:

	Useful economic lives (years)
Property	10-33
Plant and equipment	3-10
Other plant, tools and furniture	4-10
Other tangible assets	3-20

The estimated useful economic lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## 2.14. Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

## 2.15. Inventories

Inventories are stated at the lower cost and net realisable value. Costs of inventories are determined on weighted average price basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

## 2.16. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## 2.17. Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

## 2.18. Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and de recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets belonging to the Company are classified in these categories:

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others described) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

### Held for trading

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item in the consolidated statement of comprehensive income.

### 2.18.1. Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

### 2.18.2. Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

## 2.19. Financial liabilities

Financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

## 2.20. Derivative financial instruments

The Group enters into interest rate swaps to manage its exposure to interest rate risks.

Derivatives are initially recognised at fair value at the date derivative contracts are entered into and are subsequently re measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

## 2.21. Related party transactions

The Group performs all its transactions with related parties on an arm's length basis. The Group carries out all its related-party transactions (financial, commercial or otherwise) by setting transfer prices stipulated by the OECD to regulate transactions with subsidiaries.

## 2.22. Consolidated cash flow statements

In these financial statements cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

The consolidated cash flow statements have been prepared using the indirect method and the terms used are defined as follows:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: the principal revenue-producing activities of the entities composing the consolidated Group and other activities that are not investing or financing activities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 2.22. Consolidated cash flow statements (continued)

- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents, if they have a direct impact on current cash flows.
- Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not operating activities, if they have a direct impact on current cash flows.

## 2.23. Share-based payments

Equity-settled share-based payments to employees and other providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market vesting conditions. Details regarding the determination of the fair value of equity-settled share-based pay are set out in note 24.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the counterparty renders the service.

## 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, 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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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.

### 3.1 Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

### 3.1.1. Provisions

When evaluating the impact of potential liabilities arising from claims against the Group, the Directors take legal advice to assist them in arriving at their estimation of the liability taking into account the probability of the success of any claims and also the likely development of claims based on recent trends.

### 3.2. Key sources of estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses based on historical experience and other factors considered reasonable at the time. Actual outcomes are likely to differ from the estimates made by management and actual results will seldom equal projected results.

The Group does not have any major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Information about judgements, estimates and assumptions, which have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses, although do not have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### 3.2.1. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, an impairment loss may arise.

#### 3.2.2. Revenue recognition

Revenue from contracts to provide services is recognised by reference to the stage of completion of the contract, determined as the proportion of the total labour hours expected to provide the service that have elapsed at the end of the reporting period. This requires the Directors to estimate labour hours to complete, based on the Company's experience and professional judgement.

## 4. SEGMENT INFORMATION

The Groups reportable segments are determined by the internal reporting regularly provided to the Group's Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The Board of Directors has determined that, based on the Group's management and internal reporting structure, the Group has two reportable segments, Coatings – the provision of painting and other finishing services to yachts and superyachts and Supply – the distribution of yachting supplies to trade and other customers.

#### 4.1. Segment revenues and results

Segment information about the above businesses is presented below for the period ended 31 December 2017 and 2016:

Year ended 31 December 2017

	Coating €'000	Supply €'000	Total reportable segments €'000
Revenue	53,713	8,925	62,638
Gross profit	15,022	1,970	16,992
Adjusted EBITDA	6,219	972	7,191
Depreciation and amortisation			(1,822)
Performance share plan			(67)
Exceptional items			(3,899)
<b>Operating Profit</b>			<b>1,403</b>
Finance costs			(879)
<b>Profit before tax</b>			<b>524</b>

Ten-month period ended 31 December 2016

	Coating €'000	Supply €'000	Total reportable segments €'000
Revenue	37,292	7,161	44,453
Gross profit	10,436	1,382	11,818
Adjusted EBITDA	4,817	587	5,404
Depreciation, and amortisation			(2,133)
Exceptional items			(2,498)
<b>Operating Profit</b>			<b>773</b>
Finance costs			(839)
<b>Profit before tax</b>			<b>(66)</b>

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Revenues from external customers attributed to the Group's country of domicile and attributed to foreign countries from which the Group derives revenue is presented below.

	Year ended 31 December 2017 €'000	Ten-month period ended 31 December 2016 €'000
Spain	34,025	27,431
United Kingdom	350	1,365
Rest of Europe	21,376	7,950
Rest of the World	6,887	7,707
	<b>62,638</b>	<b>44,453</b>

At 31 December 2017 the Group has non-current assets allocated to Europe and "Rest of the World" for an amount of €30,609 thousand and €1,977 thousand, respectively (€27,009 thousand and €2,126 thousand, respectively, at 31 December 2016).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 4.2. Information about major customers

Included in revenues arising from rendering of services and direct sales in both segments of €62,638 thousand (€44,453 thousand for the period ended 31 December 2016) (see note 4.1 above) are revenues of approximately €21,110 thousand (€13,698 thousand for the period ended 31 December 2016) which arose from sales to the Group's largest customers, all related to the coating segment. In 2017 the revenues relating to each of these clients were €7,361, €7,701 and €6,647 thousand (in 2016: €10,193 and €3,505 thousand).

No other single customers contributed 10% or more to the Group's revenue for the period ended 31 December 2017 and 2016.

## 5. OPERATING PROFIT

Operating profit has been arrived at after (charging)/crediting:

	Year ended 31 December 2017 €'000	Ten-month period ended 31 December 2016 €'000
Net foreign exchange (losses)	(61)	(27)
Depreciation of property, plant and equipment	(769)	(641)
Amortisation of intangible assets	(1,053)	(1,492)
Operating leases (see note 18)	(999)	(919)
Gain on disposals	—	31
Staff costs (see note 8)	(20,940)	(16,028)

## 6. EXCEPTIONAL ITEMS

The following table provides a breakdown of exceptional items:

	Year ended 31 December 2017 €'000	Ten-month period ended 31 December 2016 €'000
Transaction fees	(3,899)	(2,565)
Restructuring costs	—	(50)
Recovery of irrecoverable debtors	—	117
	(3,899)	(2,498)

Transaction fees for the year ended 31 December 2017, are mainly related to professional fees and other fees arising in connection with the IPO and acquisition of ACA, SAS (note 22). Transaction fees for the period ended 31 December 2016, were mainly related to professional fees and other fees arising in connection with the acquisition of Hemisphere Yachting Services, S.L.U. (note 22).

Exceptional provision for recovery of trade receivables of €368 thousand were provided for in 2015, with the subsequent recovery of €117 thousand of these receivables in 2016 also recorded as an exceptional item.

## 7. AUDITOR'S REMUNERATION

	Year ended 31 December 2017 €'000	Period ended 31 December 2016 €'000
Fees payable to the Company's auditor for the audit of the parent company and consolidated financial statements	131	215
Fees payable to the Company's auditor for the audit of company's subsidiaries	34	28
Fees payable to the Company's auditor for other services:		
Corporate finance services	62	—
Other non-audit services	614	412
	841	655

The fees for other "non-audit services" related to reporting accountant services provided in respect of the IPO, due diligence services provided for the acquisition of SAS, ACA and tax services.

**8. STAFF COSTS**

The average number of employees (including Executive Directors) was:

	Year ended 31 December 2017	Ten-month period ended 31 December 2016
Senior Management	12	9
Sales & Administration	130	110
Production	295	312
	<b>437</b>	431

Their aggregate remuneration comprised:

	Year ended 31 December 2017 €'000	Ten-month period ended 31 December 2016 €'000
Wages	16,620	12,807
Social security costs	4,320	3,221
	<b>20,940</b>	16,028

**9. FINANCE COSTS - NET**

	Year ended 31 December 2017 €'000	Ten-month period ended 31 December 2016 €'000
Interest on bank overdrafts and loans	363	495
Unwinding of capitalised loan issue costs (note 17)	255	195
Interest on loans from related parties	87	144
Interest on obligations under finance leases	26	11
Other financial costs/(income)	148	(6)
	<b>879</b>	839

**10. TAX****10.1. Tax recognised in profit or loss**

	Year ended 31 December 2017 €'000	Ten-month period ended 31 December 2016 €'000
<b>Corporation Tax</b>		
Current year	(1,120)	(1,019)
Prior years	(31)	—
	<b>(1,151)</b>	(1,019)
<b>Deferred tax</b>		
Timing differences	265	(1)
Tax losses	(22)	160
	<b>243</b>	159
	<b>(908)</b>	(860)

Spanish Corporation tax is calculated at 25% of the estimated taxable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 10.1. Tax recognised in profit or loss (continued)

The income tax expense for the year can be reconciled to the accounting profit/(loss) as follows:

	Year ended 31 December 2017 €'000	Ten-month period ended 31 December 2016 €'000
<b>Profit/(loss) before tax from continuing operations</b>	<b>524</b>	<b>(66)</b>
Tax at the Spanish corporation tax rate (25%)	(131)	17
Overseas tax differences	12	(129)
Tax effect of expenses that are not deductible in determining tax profit	(693)	(608)
Other differences	(118)	(178)
Utilisation of previously unrecognised losses	22	38
	<b>(908)</b>	<b>(860)</b>

## 10.2. Deferred tax balances

The following is an analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

31 December 2017

	Opening Balance	Acquired on business combination	Recognised in profit or loss	Disposals	Closing Balance
<b>Deferred tax assets/(liabilities) in relation to:</b>					
DTA - Property, plant & equipment	116	—	(7)	(16)	93
DTA - Tax losses	160	370	(22)	—	508
	276	370	(29)	(16)	601
DTL - Intangible and tangible assets	(3,894)	(328)	272	(2)	(3,952)
	(3,894)	(328)	272	(2)	(3,952)

31 December 2016

	Opening Balance	Acquired on business combination	Recognised in Profit or loss	Closing Balance
<b>Deferred tax assets/(liabilities) in relation to:</b>				
DTA - Property, plant & equipment	—	112	4	116
DTA - Tax losses	—	392	(232)	160
DTA - Provisions	—	17	(17)	—
	—	521	(245)	276
DTL - Intangible and tangible assets	—	(4,279)	385	(3,894)
DTL - Finance leases	—	(19)	19	—
	—	(4,298)	404	(3,894)

## 10.3. Unrecognised deductible temporary differences, unused tax losses and unused tax credits

	31 December 2017 €'000	31 December 2016 €'000
Tax losses	279	245
	<b>279</b>	<b>245</b>

## 11. EARNINGS PER SHARE

### From continuing operations

Basic earnings/(losses) per share are calculated by dividing net profit/(loss) for the year attributable to the Group (i.e. after tax and non-controlling interests) by the weighted average number of shares outstanding during that year.

Diluted earnings/(losses) per share have been calculated on a similar basis taking into account dilutive potential shares under the agreements disclosed in note 24.

Adjusted basic earnings per share are presented to eliminate the effect of the exceptional items, amortisation of intangible assets and performance share plan costs (considering the tax effect of these adjustments).

	Year ended 31 December 2017	Ten-month period ended 31 December 2016
(Losses) for the period attributable to shareholders (€'000)	(349)	(926)
Weighted average number of shares	30,091,248	12,167,499
Basic (losses) per share basic (€)	(0.01)	(0.08)
Adjusted basic earnings per share (€)	0.14	0.22
Dilutive weighted average number of shares	30,460,009	12,167,499
Diluted (losses) per share (€)	(0.01)	(0.08)
Adjusted diluted earnings per share (€)	0.13	0.22

At 31 December 2016 the Group had no convertible securities and therefore diluted earnings per share were the same as basic earnings per share.

## 12. GOODWILL AND INTANGIBLE ASSETS

### 12.1. Goodwill

	Goodwill €'000
<b>Cost</b>	
At 11 February 2016	—
Acquired on business combination (note 22)	8,704
<b>At 31 December 2016</b>	8,704
Acquired on business combination (note 22)	710
Exchange differences	(122)
<b>At 31 December 2017</b>	9,292
<b>Carrying amount</b>	
At 31 December 2017	9,292
At 31 December 2016	8,704
At 11 February 2016	—

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) or group of units that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	31 December 2017 €'000	31 December 2016 €'000
Coating Supply	8,444 848	7,856 848
	<b>9,292</b>	8,704

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 12. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. Determining the recoverable amount of goodwill requires the use of estimates by management.

The recoverable amount is the higher of the fair value minus the costs of selling and its value in use. The Group uses cash-flow discounting methods to determine such amounts.

The discounted cash-flows are calculated based on 3-year projections of the budgets approved by the management. These cash-flows consider past experience and represent the best estimate of management on future market developments and Group performance.

The key assumptions for determining the fair value minus costs of selling and value in use include the weighted average cost of capital, which has been estimated at 11.8% for the goodwill registered and a long-term growth rate of 1.0% per cent for each of the Coating and Supply segments. These estimates, including the methodology used, may have a significant impact on the registered values and impairment losses. Management has concluded that the estimated growth rate used does not exceed the average long-term growth rate for the relevant markets where the Group operates (Europe and USA).

According to the impairment test carried out at year-end, there are no impairment losses on the registered goodwill.

## 12.2. Other intangible assets

	Customer relationships, brands and backlog €'000	Software €'000	Total €'000
<b>Cost</b>			
At 11 February 2016	—	—	—
Acquired on business combination (note 22)	14,043	106	14,149
Additions	—	—	—
At 31 December 2016	14,043	106	14,149
Acquired on business combination (note 22)	1,173	—	1,173
Additions	—	48	48
At 31 December 2017	15,216	154	15,370
<b>Accumulated amortisation</b>			
At 11 February 2016	—	—	—
Acquired on business combination (note 22)	22	83	105
Charge for the year	1,488	4	1,492
At 31 December 2016	1,510	87	1,597
Charge for the year	1,045	8	1,053
At 31 December 2017	2,555	95	2,650
<b>Carrying amount</b>			
At 31 December 2017	12,661	59	12,720
At 31 December 2016	12,533	19	12,552
At 11 February 2016	—	—	—

During the current period the main additions correspond to the acquisition of ACA, SAS (see note 22) and comprised €626 thousand of customer relationship and €547 thousand for the brand acquired.

### 13. PROPERTY, PLANT & EQUIPMENT

	Property	Plant and equipment €'000	Other plant, tools and furniture €'000	Other tangible assets €'000	Total €'000
<b>Cost</b>					
At 11 February 2016	—	—	—	—	—
Acquired on business combination (note 22)	2,613	1,424	2,752	6,067	12,856
Additions	—	61	94	1,098	1,253
Disposals	—	—	(100)	—	(100)
Exchange differences	—	9	—	1	10
At 31 December 2016	2,613	1,494	2,746	7,166	14,019
Acquired on business combination (note 22)	—	—	382	—	382
Additions	—	—	282	2,545	3,036
Disposals	—	—	—	(37)	(37)
Exchange differences	—	(39)	—	(7)	(46)
At 31 December 2017	2,613	1,664	3,410	9,667	17,354
<b>Accumulated depreciation</b>					
At 11 February 2016	—	—	—	—	—
Acquired on business combination (note 22)	819	873	1,973	3,819	7,484
Charge for the year	63	73	225	280	641
Disposals	—	—	(99)	—	(99)
Exchange differences	—	9	—	1	10
At 31 December 2016	882	955	2,099	4,100	8,036
Acquired on business combination (note 22)	—	—	265	—	265
Charge for the year	75	117	205	372	769
Disposals	—	—	—	(32)	(32)
Exchange differences	—	(33)	—	(3)	(36)
At 31 December 2017	957	1,039	2,569	4,437	9,002
<b>Carrying amount</b>					
At 31 December 2017	1,656	625	841	5,230	8,352
At 31 December 2016	1,731	539	647	3,066	5,983
At 11 February 2016	—	—	—	—	—

Main additions for the period ended 31 December 2017 correspond to the acquisition of scaffolding and other equipment.

It is the Group's policy to formalise insurance policies as necessary to cover the risks which might affect its property, plant and equipment. For the period ended 31 December 2017, all such risks were fully covered.

The Group has assets held under finance leases with the following carrying values:

	31 December 2017 €'000	31 December 2016 €'000
Carrying amount	3,152	901

### 14. INVENTORIES

	31 December 2017 €'000	31 December 2016 €'000
Raw materials	390	104
Goods for resale	2,677	1,964
	3,067	2,068

The cost of inventories recognised as an expense during the period amounted to €12,384 thousand (€8,710 thousand in 2016).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 15. TRADE AND OTHER RECEIVABLES

	31 December 2017 €'000	31 December 2016 €'000
Trade receivables	<b>9,881</b>	5,959
Other receivables	<b>581</b>	107
Tax receivables (note 10)	<b>386</b>	279
	<b>10,848</b>	6,345

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. Trade and other receivables are all current and any fair value difference is not material. Trade receivables are considered past due once they have passed their contracted due date.

Amounts invoiced to customers are due in 30 days. The Group recognises an allowance for doubtful debts of 100% against those receivables overdue that after a specific analysis are considered not recoverable.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality of the customers and the amounts are still considered recoverable. The average age of trade receivables at 31 December 2017 is 28 days (36 days in 2016).

The Group does not hold any collateral or other credit enhancements over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Amounts receivable from customers can be analysed as follows:

	31 December 2017 €'000	31 December 2016 €'000
Amount receivable not past due	<b>7,863</b>	3,565
Amount receivable past due but not impaired	<b>2,018</b>	2,394
Amount receivable impaired (gross)	<b>100</b>	471
Less impairment	<b>(100)</b>	(471)
	<b>9,881</b>	5,959

Neither the amounts due from service contract customers nor receivables from other debts are past due or impaired in the current and prior periods.

The ageing of past due but not impaired receivables is as follows:

	31 December 2017 €'000	31 December 2016 €'000
31-60 days	<b>1,867</b>	2,032
61-90 days	<b>8</b>	249
91-120 days	<b>143</b>	113
	<b>2,018</b>	2,394

The movement in the allowance recorded for doubtful debts is as follows:

	31 December 2017 €'000	31 December 2016 €'000
Balance at the beginning of the period	<b>(471)</b>	—
Acquired on business combination	<b>(38)</b>	(653)
Amounts written off during the year as uncollectible	<b>432</b>	—
Impairment losses recognised	<b>(23)</b>	7
Amounts recovered during the year	<b>—</b>	175
	<b>(100)</b>	(471)

**16. CASH AND OTHER FINANCIAL ASSETS**

	<b>31 December 2017</b> €'000	31 December 2016 €'000
Cash and other financial assets	<b>6,236</b>	6,207
	<b>6,236</b>	6,207

Cash and other financial assets comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value

**17. BORROWINGS**

	<b>31 December 2017</b> €'000	31 December 2016 €'000
Syndicated loan	10,478	12,323
Capitalised costs - net	(697)	(646)
Revolving credit facility	500	—
Shareholders' loan notes (note 27)	—	4,196
Finance lease liabilities	2,635	774
Other financial liabilities	—	7
Total borrowings	<b>12,916</b>	16,654
Amount due for settlement within 12 months	<b>3,278</b>	2,107
Amount due for settlement after 12 months	<b>9,638</b>	14,547

**17.1. Summary of the borrowing arrangements*****Syndicated loan -***

On 3 March 2016, the Group subsidiary, Hemisphere Coating Services, S.L., signed a syndicated loan agreement with three financial institutions for a total amount of €13,707 thousand expiring on March 2021. This syndicated loan is guaranteed by certain of the Group subsidiaries and consists of two different facilities:

- Facility A: loan for a total amount of €9,180 thousand with biannual maturities of €918 thousand until expiration on March 2021 since the beginning of the contract.
- Facility B: loan for a total amount of €4,000 thousand of euros maturing at the end of the contract.

Both facilities bear interest at EURIBOR +3%.

Additionally, the loan includes a revolving credit facility which limit amounts to €527 thousand with biannual maturities coinciding with those for the facility A. It bears interest at EURIBOR + 3%.

In March 2016, the Group entered into this syndicated loan with the primary purpose of financing the dividends to be paid to former shareholders at the time, refinancing the indebtedness of the Group and financing any costs and expenses incurred in relation to the transaction discussed in note 6.

The loan requires compliance with certain financial covenants measured biannually at 30 June and 31 December each year. At 31 December 2017 and 2016 the Group has achieved the financial covenants required by the syndicated loan.

***Shareholders' loan notes -***

On the 23 June 2017 the shareholders approved the repayment of the total amount of the Investor Loan Notes immediately following Admission of the Company to AIM.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 17.2. Obligations under finance leases

As of 31 December 2017, the Group has the following minimum lease payments due to lessors (including, where applicable, the purchase options) in accordance with current contracts in place, without taking into account the impact of common expenses, future CPI increases, nor future contractual rents updates:

	Present value of minimum lease payments	Present value of minimum lease payments
	As at 31 December 2017 €'000	As at 31 December 2016 €'000
<b>Amounts payable under finance leases:</b>		
Within one year	890	210
In the second to fifth years inclusive	1,745	564
	<b>2,635</b>	774

The financial lease contracts are formalised in euros and have fixed interest rates in accordance with the financial market.

## 18. OPERATING LEASES

As of 31 December 2017, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Minimum lease payments	Minimum lease payments
	As at 31 December 2017 €'000	As at 31 December 2016 €'000
<b>Amounts payable under operating leases:</b>		
Within one year	916	897
In the second to fifth years inclusive	2,745	2,696
After five years	85	470
	<b>3,746</b>	4,063

The Group has recognised €999 thousand as expenses in the period ended 31 December 2017 for operating lease payments (€919 thousand in 2016).

One of the lease contracts of the Group is secured with a financial guarantee for an amount of €24 thousand.

## 19. TRADE AND OTHER PAYABLES

	31 December 2017 €'000	31 December 2016 €'000
Trade and other payables	12,868	7,723
Wages and salaries	66	82
Tax payables	3,459	2,179
	<b>16,393</b>	9,984

Trade creditor days as at 31 December 2017 were on average 35 days (51 days in 2016). The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

**20. PROVISIONS**

	<b>31 December 2017</b> €'000
At 1 January 2017	1,915
Utilisation of provision	(792)
At 31 December 2017	1,123
Current	304
Non-current	819

	<b>31 December 2017</b> €'000	31 December 2016 €'000
Guarantee provision	304	315
Legal and tax provision	19	800
Contractual claims	800	800
	1,123	1,915

As of 31 December 2017, the Group has a current provision amounting to €304 thousand, for re-painting guarantees contemplated in the contractual agreements with clients for the painting of boats and vessels. This provision is calculated as an average percentage of the guarantees borne in the past three years compared to the total turnover for the corresponding year.

As of 31 December 2017, the Group has a non-current provision amounting to €800 thousand relating to contractual claims made by a shipyard against the Group under the terms of a Superyacht painting agreement, entered into between the Group and the shipyard in relation to i) damage to the paint work of the superyacht since completion of the services, ii) undulations, and iii) certain visible defects in the topcoat paint of the hull of the Superyacht. The claims regarding damage to the paint work and the undulations have been rejected by the Group with supporting evidence. Investigations are being carried out in conjunction with the relevant paint manufacturer in relation to the visible defects in the topcoat paint. It is estimated that the Group's cost of repair works for this would be in the region of €800 thousand. The paint manufacturer has agreed to meet the costs of repair works up to €825 thousand. A receivable has been recognised for €800 thousand, being the estimated cost of the works. Negotiations are ongoing between the Group, the paint manufacturer and the shipyard in order to reach a settlement on this matter.

In 2017, the Group has proceeded to pay the balance registered as legal and tax provisions at 31 December 2016.

At 31 December 2017 the Group and its legal advisers consider that the provisions recorded are sufficient for covering future obligations.

**21. EQUITY**

At 31 December 2016 the Company's share capital amounted to €122 thousand, represented by 12,167,499 shares with a par value of one cent of euro each all issued and fully paid. At 31 December 2016, 1,000 shares were not allotted.

On 12 May 2017 the Shareholders approved a special resolution to cancel the share premium account which was subsequently confirmed by the High Court of Justice on 15 May 2017. As a result, €12,070 thousand was transferred from the share premium account to retained earnings.

On 21 June 2017 in order to list the Company on AIM the Shareholders approved the following resolutions:

- The permission to the capitalisation of reserves and the allotment of bonus shares amounted to €20 thousand. The bonus issue was funded by using distributable reserves.
- The issue of 2,231 bonus shares for each ordinary share in proportion to their existing ownership using distributable reserves amounted to €62 thousand.
- The conversion of the 5 different classes of shares to a combination of ordinary shares and deferred shares, as part of this conversion no consideration was paid.
- The buy-back of deferred shares using capital contribution reserves amounted to €114 thousand.

On the 5 July 2017 the Company was admitted to the AIM Market of the London Stock Exchange. The Company received €7,891,695 from the primary offering shares and 6,944,692 ordinary shares (with a par value £0.002) and a share premium £6,944,692 (equivalent euro value of €7,891 thousand) were created in GYG plc.

At 31 December 2017 the Company's share capital amounted to €106 thousand represented by 46,640,000 ordinary shares with a par value of £0.002, issued and fully paid up.

At 31 December 2017 the Group registered a share based payment reserve amounting to €159 thousand based on the agreements disclosed in note 22.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 22. ACQUISITION OF SUBSIDIARY

### 31 December 2017

On 11 March 2017, the Group obtained control of ACA, SAS, GYG's main competitor in France, by acquiring 70 per cent of its issued share capital. ACA, SAS is a superyacht painting and finishing company operating out of the South of France and was acquired with the objective to drive growth in this region.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in table below:

	€'000
Identifiable intangible assets	1,173
Other non-current assets	178
Deferred tax assets	370
Inventories	10
Trade and other receivables	176
Assets classified as held for sale	742
Cash	376
Trade and other payables	(1,527)
Liabilities directly associated with assets classified as held for sale	(142)
Deferred tax liabilities	(328)
Non-controlling interests	(309)
<b>Goodwill</b>	<b>719</b>
	710
<b>Total consideration (satisfied by cash)</b>	<b>1,429</b>
Cash equivalents balances acquired	376
<b>Net cash flow</b>	<b>1,053</b>

Additionally, the Group is party to certain agreements in relation to the shares in ACA, SAS with SARL Atko, a company controlled by Christopher Atkinson, who is also the general manager and former majority shareholder of ACA, SAS:

- a) ACA Marine UK is party to an initial agreement dated 11 March 2017 and modified on 12 December 2017 where an additional cash consideration was agreed in relation with the transfer of the industrial business and property owned by ACA, SAS to a company controlled by Christopher Atkinson. The estimated additional consideration for this matter amounts to €164 thousand.
- b) Included in the above agreements a put and call option agreement between ACA Marine UK and SARL Atko (further details of which are set out below).

#### *Non-controlling interests*

The non-controlling interest (30%) in ACA, SAS recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to €309 thousand.

#### *Goodwill arising on acquisition*

The goodwill arising from the acquisition amounting to €710 thousand corresponds to a premium paid for entering a new market as well as acquisition synergies.

None of the goodwill recognised is expected to be deductible for income tax purposes.

#### *Other financial liabilities*

On the purchase date the parties also signed a Put and Call Option Agreement in which the Group granted to SARL Atko the right to require the Group to acquire and receive the amount of shares that SARL Atko holds in ACA, SAS. This option is exercisable during a period of one month commencing on the third anniversary of the date of the put and call option agreement (being 11 March 2020). As at 31 December 2017, this option was deemed to have a negligible fair value, however a financial liability of €963 thousand has been recognised based on the expected purchase price for the equity if the seller exercises their option.

#### *Impact of acquisition on the results of the Group*

ACA, SAS contributed €2,283 thousand revenue and €400 thousand gross margin to the Group's profit for the period between the date of acquisition and balance sheet date.

### 31 December 2016

Hemisphere Yachting Services, S.L.U. is the parent company of a Spanish group engaged in the painting and coating of boats and vessels and in the sale of products, utensils and objects related to boats. Hemisphere Yachting Services, S.L.U. was acquired on 3 March 2016 by Civisello Inversiones, S.L., a subsidiary of GYG Limited. The acquisition was for 100% of the issued capital of the acquired entity. The corporate purpose of the Group is the painting and coating of boats and all kinds of vessels, as well as the sale of products, utensils and objects that in one way or another are related to all types of boats.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	€'000
Identifiable intangible assets	14,044
Other non-current assets	5,715
Inventories	6,289
Trade and other receivable	8,343
Cash	4,036
Trade and other payables	(12,624)
Borrowings	(12,377)
Provisions	(955)
Deferred tax liability	(3,777)
	<b>8,694</b>
Goodwill	8,704
<b>Total consideration</b>	<b>17,398</b>

The value of the receivables included as part of the net assets acquired approximate its fair value. Management estimates that at acquisition date the contractual cash flows not to be collected is nil.

The payment of the consideration was made €11,738 thousand by cash, €4,147 thousand in exchange of shares of GYG Limited, €1,382 thousand by giving loan notes (see note 17.1), and €131 thousand as a deferred consideration subject to the outcome of the different provisions described in note 20.

The goodwill of €8,704 thousand arising from the acquisition consists of the value of the acquired workforce and the deferred tax liability, as well as the ability of the business to successfully grow the new build division. None of the goodwill recognised is expected to be deductible for income tax purposes.

### 23. NOTES TO THE CASH FLOW STATEMENT

	Year ended 31 December 2017 €'000	Ten-month period ended 31 December 2016 €'000
<b>Profit/(loss) for the period before tax</b>	<b>524</b>	<b>(66)</b>
- Depreciation and amortisation	1,822	2,133
- Performance share plan	67	—
- Warrant	92	—
- Finance income	(39)	(6)
- Finance costs	906	845
- Exchange differences	5	28
- Losses on disposal of non-currents assets	—	(31)
<b>Adjustments to profit/(loss)</b>	<b>2,853</b>	<b>2,969</b>
- (Increase)/decrease in inventories	(989)	4,241
- (Increase)/decrease in trade and other receivables	(3,585)	121
- Increase/(decrease) in trade and other payables	3,818	(2,391)
- (Increase)/decrease in other assets and liabilities	(792)	829
<b>Changes in working capital</b>	<b>(1,548)</b>	<b>2,800</b>
- Interest paid	(1,073)	(437)
- Income tax paid	(328)	(754)
<b>Other cash flows used in operating activities</b>	<b>(1,401)</b>	<b>(1,191)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>428</b>	<b>4,512</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 24. SHARE-BASED PAYMENTS

### Performance Share Plan

The Company has established a Performance Share Plan (the "PSP") for Directors and other selected senior management, which was adopted by the Board on 23 June 2017.

This award grants an option to acquire ordinary shares in the capital of the Company at a price of £0.002 per ordinary share, subject to the Performance Target. The award will normally vest on the third anniversary of grant or, if later, when the Remuneration Committee determines the extent to which any performance conditions have been satisfied. These will be exercisable up until the tenth anniversary of grant unless they lapse earlier.

The performance condition to the Initial PSP 2017 is based on earnings per share targets for FY19 and the number of options granted amounts to 257,950. The detail of the performance targets for subsequent awards will be finalised at the time such awards are granted.

Details of the share options outstanding during the year are as follows:

	Number of share options	Weighted average exercise price (pence)
Outstanding at 1 January 2017	—	—
Granted during the period	257,950	0.2
Exercised during the period	—	—
Expired during the period	—	—
Outstanding at 31 December 2017	257,950	0.2

Assumptions used in the Black-Scholes model to determine the fair value:

	2017 PSP
Share price at grant date (pence)	100
Exercise price (pence)	0.2
Option life (years)	2.5
Risk-free interest rate (%)	2.5%
Expected volatility (%)	28.6%

In 2017 the Group has recognised an expense amounting to €67 thousand for this plan.

### Warrant

The Company has granted a warrant to Zeus Capital to subscribe for such number of ordinary shares as is equal to 1 per cent of the enlarged share capital of the Company following completion of the placing. The warrant shall be exercisable in whole or in part at any time during the period of 5 years from the first anniversary of Admission. The warrant shall be exercisable at the placing price multiplied by 105%.

Details of the share options outstanding during the year are as follows:

	Number of share options	Weighted average exercise price (pence)
Outstanding at 1 January 2017	—	—
Granted during the period	466,400	105
Exercised during the period	—	—
Expired during the period	—	—
Outstanding at 31 December 2017	466,400	105

Assumptions used in the Black-Scholes model to determine the fair value:

Share price at grant date (pence)	100
Exercise price (pence)	105
Option life (years)	5
Risk-free interest rate (%)	2.5%
Expected volatility (%)	28.6%

In 2017 the Group has recognised an expense amounting to €92 thousand for this warrant.

## 25. FINANCIAL INSTRUMENTS

### *Capital risk management*

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings disclosed in note 17) and equity of the Group.

### *Significant accounting policies*

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 2.

### *Categories of financial instruments*

	31 December 2017 €'000	31 December 2016 €'000
<b>Financial assets</b>		
Cash and other financial assets (note 16)	6,236	6,207
Loans and receivables – long term	1,621	1,620
	<b>7,857</b>	7,827
<b>Financial liabilities</b>		
Amortised cost – borrowings (note 17)	10,281	15,873
Finance lease liabilities (note 17)	2,635	774
Put option (note 22)	963	—
Derivative instruments not designated hedge accounting relationships	16	38
Other (note 17)	—	7
	<b>13,895</b>	16,692

At 31 December 2017 and 2016, "Loans and receivables – long-term" comprise of a cash retention made by a client amounting to €673 thousand, amounts recoverable from a supplier under a warranty claim amounting to €800 thousand and the remainder relates to guarantees paid to tenants to cover responsibilities derived from the leasing contracts.

Management of the Group's financial risks is centralised in the Group's Finance Department, which has established mechanisms to monitor interest rate and exchange rate exposure, as well as credit and liquidity risk. The main financial risks affecting the Group are indicated below:

#### *1. Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. Credit exposure is controlled by counterparty limits. There are no significant counterparties.

#### *2. Liquidity risk*

The Group manages liquidity risk by maintaining adequate cash reserves.

#### *3. Market risk*

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group's management focuses on the uncertainty of financial markets and attempts to minimise the potential adverse effects on its profitability. The Group enters into derivative financial instruments to manage its exposure to interest rate risk, with three Interest Rate Swaps to mitigate the risk of rising interest rates.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 26. SUBSIDIARIES

The Group consists of a parent company, GYG plc, incorporated in the UK and a number of subsidiaries held directly by GYG plc, which operate and are incorporated mainly in Spain but also in some other countries around the world.

A list of the Company's subsidiaries is included below:

Name	Principal activity	Registered Office	Ownership
Civisello Inversiones, S.L.	Holding	Spain	100%
Hemisphere Yachting Services, S.L.U.	Holding		100%
Hemisphere Coating Services, S.L.U.	Coating		100%
Hemisphere Central Services, S.L.U.	Central Services		100%
Pinmar Yacht Supply, S.L.	Supply		100%
Pinmar USA, Inc.	Coating	USA	100%
Hemisphere Coating Services, Ltd	Coating	United Kingdom	100%
ACA Marine, Ltd	Holding	United Kingdom	100%
Hemisphere Yachting Services, GmbH	Coating	Germany	100%
Hemisphere Coating Services, B.V.	Coating	Netherlands	100%
ACA, S.A.S.	Coating	France	70%

For the year ending 31 December 2017 the following subsidiaries of the Company were entitled to exemption from audit under s479 A of the Companies Act 2006 related to subsidiary companies:

Name	Principal activity	Companies House Registration Number	Ownership
Global Yachting Group, Ltd	Coating	9533209	100%
ACA Marine, Ltd	Holding	1064007	100%

## 27. RELATED PARTY TRANSACTIONS

### Services provided

	31 December 2017 €'000	31 December 2016 €'000
RSB Rigging Solutions, S.L.	—	4
Global Yacht Finishing, S.L.	33	38
	33	42

### Services received

	31 December 2017 €'000	31 December 2016 €'000
RSB Rigging Solutions, S.L.	—	1
Global Yacht Finishing, S.L.	333	358
Lonsdale Capital Partners, LP	5	32
	338	391

### Balances

	Debit/(Credit) 31 December 2017 €'000	Debit/(Credit) 31 December 2016 €'000
Shareholders' Loan Note	—	(4,196)
Key management personnel balances	(580)	(10)
Global Yacht Finishing, S.L.	(167)	—
	(747)	(4,206)

The above key management personnel balances basically include an account payable with the Chief Executive Officer which was repaid in January 2018.

**Remuneration of key management personnel**

The remuneration of Executive Directors and Non-Executive Directors, who are the key management personnel of the Group, is set out below.

	Year ended 31 December 2017 €'000	Ten-month period ended 31 December 2016 €'000
Salaries, fees and bonus (*)	925	775

(\*) The 2017 amount includes "salaries, fees and bonus" paid in £ amounting to £225 thousand.

Further information about the remuneration of individual directors is provided in the audited part of the Directors' Remuneration report.

**28. POST BALANCE SHEETS EVENTS**

No events have occurred after 31 December 2017 that might significantly influence the information reflected in these consolidated financial statements.

# PARENT COMPANY BALANCE SHEET

As at 31 December 2017	Note	31 December 2017 €'000	31 December 2016 €'000
<b>Non-current assets</b>			
Investment in subsidiary	3	<b>12,226</b>	12,159
Long-term receivables from Group companies	5	<b>4,059</b>	4,059
		<b>16,285</b>	16,218
<b>Current assets</b>			
Short-term receivables from Group companies		<b>611</b>	101
Trade and other receivables		<b>115</b>	—
Cash and bank balances		<b>7</b>	1
		<b>733</b>	102
<b>Total assets</b>		<b>17,018</b>	16,320
<b>Current liabilities</b>			
Trade and other payables		<b>(430)</b>	—
<b>Total current liabilities</b>		<b>(430)</b>	—
<b>Net current assets</b>		<b>303</b>	102
<b>Non-current liabilities</b>			
Borrowings	6	—	(4,200)
<b>Total liabilities</b>		<b>(430)</b>	(4,200)
<b>Net assets</b>		<b>16,588</b>	12,120
<b>Equity</b>			
Share capital	7	<b>106</b>	122
Share premium		<b>7,035</b>	12,046
Retained earnings/(deficit)		<b>9,174</b>	(48)
Capital redemption reserve		<b>114</b>	—
Share based payment reserve		<b>159</b>	—
<b>Equity attributable to owners of the Company</b>		<b>16,588</b>	12,120
<b>Total equity</b>		<b>16,588</b>	12,120

# PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital €'000	Share premium €'000	Retained earnings €'000	Capital redemption reserve €'000	Share based payment reserve €'000	TOTAL €'000
<b>Balance at 11 February 2016</b>	—	—	—	—	—	—
Issue of share capital	122	12,046	—	—	—	12,168
Total comprehensive (loss) for the period	—	—	(48)	—	—	(48)
<b>Balance at 31 December 2016</b>	122	12,046	(48)	—	—	12,120
Issue of share capital	98	7,901	(79)	—	—	7,920
Costs related to issue of share capital	—	(842)	—	—	—	(842)
Reduction of share capital	—	(12,070)	12,070	—	—	—
Share buy back	(114)	—	—	114	—	—
Credit to equity for share based payments	—	—	—	—	159	159
Total comprehensive loss for the period	—	—	(2,769)	—	—	(2,769)
<b>Balance at 31 December 2017</b>	106	7,035	9,174	114	159	16,588

## NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

GYG plc (hereinafter the "Company") was incorporated on 11 February 2016, as a private company limited by shares, as Dunwilco 2016 Limited under the United Kingdom Companies Act 2006. Subsequently, on 21 May 2016, the Company's corporate name was changed to Global Yachting Group Limited, on 25 May 2017 to GYG Limited, on 22 June 2017 the Company re-registered as a public limited company and on 5 July 2017 the Company completed an Initial Public Offering ("IPO") and was admitted to the AIM Market of the London Stock Exchange (see note 7). The address of the registered office is Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom.

The corporate purpose of the Company is to act as the parent company for a Group operating in superyacht painting, supply and maintenance, offering services globally through operations in the Mediterranean, Northern Europe and the United States.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The separate financial statements of the Company are presented are as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2016, the Company decided to adopt FRS 101. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) "Reduced Disclosure Framework" as issued by the FRC in July 2015 and July 2016.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions permitted under this standard in relation to share-based payments, financial instruments, capital management, presentation of a cash-flow statement and certain related party transactions.

The principal accounting policies adopted are the same as those set out in note 2 of the consolidation financial statements except as noted below.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

# NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

## 3. INVESTMENT IN SUBSIDIARY

	31 December 2017 €'000	31 December 2016 €'000
Cost and carrying amount	12,226	12,159
	12,226	12,159

The Directors believe that the carrying value of the investment is supported by its underlying net assets.

The Company's subsidiary undertakings are shown in note 26 of the consolidated financial statements.

The Company's only direct investment is 100% shares of Civisello Inversiones, S.L. This participated company holds the ownership of Hemisphere Yachting Services, S.L. subgroup.

## 4. PROFIT FOR THE YEAR

Per section 408 of the Companies Act 2006 no Statement of Comprehensive Income for the parent company has been presented. The total comprehensive loss for the period was €2,769 thousand (€48 thousand in 2015).

The auditor's remuneration for audit and other services are disclosed in note 7 of the consolidated financial statements.

## 5. LONG-TERM RECEIVABLES FROM GROUP COMPANIES

The Company holds loan notes receivable from Civisello Inversiones, S.L. amounting to €4,059 thousand. This bear interest at 4.25% and are due to be repaid in full by 31 December 2026.

## 6. BORROWINGS

As of 31 December 2016 the Company had loan notes payable to certain shareholders amounting €4,196 thousand. These notes were repaid as a consequence of the corporate transactions described in note 21 of the consolidated financial statements.

## 7. EQUITY

At 31 December 2016 the Company's share capital amounted to €122 thousand, represented by 12,167,499 shares with a par value of one cent of euro each all issued and fully paid. At 31 December 2016, 1,000 shares were not allotted.

On 12 May 2017 the Shareholders approved a special resolution to cancel the share premium account which was subsequently confirmed by the High Court of Justice on 15 May 2017. As a result, €12,070 thousand was transferred from the share premium account to retained earnings.

On 21 June 2017 in order to list the Company on AIM the Shareholders approved the following resolutions:

- The permission to the capitalisation of reserves and the allotment of bonus shares amounted to €20 thousand. The bonus issue was funded by using distributable reserves.
- The issue of 2,231 bonus shares for each ordinary share in proportion to their existing ownership using distributable reserves amounted to €62 thousand.
- The conversion of the 5 different classes of shares to a combination of ordinary shares and deferred shares, as part of this conversion no consideration was paid.
- The buy-back of deferred shares using capital contribution reserves amounted to €114 thousand.

On the 5 July 2017 the Company was admitted to the AIM Market of the London Stock Exchange. The Company received €7,891,695 from the primary offering shares and 6,944,692 ordinary shares (with a par value £0.002) and a share premium £6,944,692 (equivalent euro value of €7,891 thousand) were created in GYG plc.

At 31 December 2017 the Company's share capital amounted to €106 thousand represented by 40,640,000 ordinary shares with a par value of £0.002, issued and fully paid up.

# NOTICE OF ANNUAL GENERAL MEETING

## GYG PLC

(incorporated and registered in England and Wales under number 10001363)

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

*If you are in any doubt about its content or as to what action you should take, you should consult your stockbroker, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or another appropriately authorised independent adviser if you are in a territory outside the United Kingdom.*

*If you have sold or transferred all your shares in GYG plc, please pass this document and the accompanying proxy form to the purchaser or transferee or to the stockbroker or other agent through whom you made the sale or transfer, for transmission to the purchaser or transferee.*

Notice is hereby given that the 2018 annual general meeting of GYG plc (the "Company") will be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom on 29 May 2018 at 11.30 am to consider and, if thought fit, to pass the following resolutions:

### Ordinary business

- 1 To receive the financial statements and the reports of the Directors and the Auditor for the year ended 31 December 2017.
- 2 To re-elect Remy Millott who is submitting himself for re-appointment as a Director.
- 3 To re-elect Gloria Fernandez who is submitting herself for re-appointment as a Director.
- 4 To re-elect Rupert Savage who is submitting himself for re-appointment as a Director.
- 5 To re-elect Stephen Murphy who is submitting himself for re-appointment as a Director.
- 6 To re-elect Richard King who is submitting himself for re-appointment as a Director.
- 7 To re-appoint Deloitte LLP as Auditor of the Company.
- 8 To authorise the Directors to set the remuneration of the Auditor.
- 9 To declare a total dividend for the financial year ended 31 December 2017 of 3.2 pence per ordinary share as recommended by the Directors.

### Special business

To consider and, if thought fit, to pass the following resolutions, of which resolution 10 will be proposed as an ordinary resolution, and resolutions 11, 12 and 13 will be proposed as special resolutions:

10 That:

(a) the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to:

- (i) allot shares in the Company, and to grant rights to subscribe for or to convert any security into shares in the Company:
  - A. up to an aggregate nominal amount of £31,062.24; and
  - B. comprising equity securities (as defined in the Act) up to an aggregate nominal amount of £62,217.76 (including within the applicable limit any shares issued or rights granted under paragraph A. above), in connection with an offer by way of a rights issue:
    - i. to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
    - ii. to people who are holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter;

for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next annual general meeting of the Company after the date on which this resolution is passed (or if earlier at the close of business on 29 August 2019); and

- (ii) make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after expiry of this authority and the Directors may allot shares and grant rights in pursuance of that offer or agreement as if this authority had not expired;
- (b) subject to paragraph (c) below, all existing authorities given to the Directors pursuant to section 551 of the Act be revoked by this; and
- (c) paragraph (b) above shall be without prejudice to the continuing authority of the Directors to allot shares, or grant rights to subscribe for or convert any security into shares, pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made.

# NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

11 That, subject to the passing of resolution 10, the Directors be generally empowered pursuant to section 570 and section 573 of the Act to allot equity securities (as defined in the Act) for cash pursuant to the authority conferred by resolution 10 as if section 561(1) of the Act did not apply to the allotment provided that this power:

(a) shall be limited to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under resolution 10(a)(i) B by way of a rights issue only):

- i. to the ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings;
- ii. to holders of other equity securities, if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities, and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(b) in the case of the authority granted under resolution 10(a)(i)A shall be limited to the allotment of equity securities for cash otherwise than pursuant to paragraph (a) up to an aggregate nominal amount of £4,664.00. This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the Act as if in the first paragraph of this resolution the words "pursuant to the authority conferred by resolution 10" were omitted;

(c) expires (unless previously renewed, varied or revoked by the Company in a general meeting) at the end of the next annual general meeting of the Company after the date on which this resolution is passed or, if earlier, at the close of business on 29 August 2019, but the Company may make an offer or agreement before the power expires which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired.

12 That, subject to the passing of resolution 10, the Directors be generally empowered in addition to any power granted under resolution 11, to allot equity securities (as defined in the Act) for cash pursuant to the authority conferred by resolution 10 as if section 561(1) of the Act did not apply to the allotment provided that this power:

(a) In the case of the authority granted under resolution 10(a)(i)(A) shall be:

- (i) limited to the allotment of equity securities up to an aggregate nominal amount of £4,664.00; and

(ii) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice. This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the Act as if in the first paragraph of this resolution the words "pursuant to the authority conferred by resolution 10" were omitted;

(b) expires (unless previously renewed, varied or revoked by the Company in a general meeting) at the end of the next annual general meeting of the Company after the date on which this resolution is passed or, if earlier, at the close of business on 29 August 2019, but the Company may make an offer or agreement before the power expires which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if the authority had not expired.

13 That the articles of association of the Company shall be amended with effect from the conclusion of the annual general meeting by making the alterations marked on the print of the articles of association of the Company produced to the meeting and initialled by the Chairman for the purposes of identification.

Your Board believes that the resolutions to be proposed as ordinary and special business at the annual general meeting are in the best interests of the Company and its shareholders as a whole. Accordingly, your Directors unanimously recommend that shareholders vote in favour of the resolutions, as they intend to do in respect of their own beneficial holdings of shares in the Company.

By order of the Board

**SUE STEVEN**  
**Company Secretary**

18 April 2018

Registered Office:  
Cannon Place  
78 Cannon Street  
London  
EC4N 6AF  
United Kingdom

Registered in England  
and Wales No: 10001363

## EXPLANATORY NOTES TO THE RESOLUTIONS

The notes on the following pages explain the resolutions to be proposed at the annual general meeting of GYG plc (the "Company") to be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom on 29 May 2018 at 11.30 am (the "annual general meeting").

Resolutions 1 to 10 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 11, 12 and 13 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three quarters of the votes cast must be in favour of the resolution.

### RESOLUTION 1 – ADOPTION OF REPORT AND ACCOUNTS

For each financial year, the Directors are required to present the Directors' Report, the audited accounts and the Auditor's report to shareholders at a general meeting. The financial statements and reports laid before the annual general meeting are for the financial year ended 31 December 2017, and the Company proposes a resolution on its financial statements and reports.

### RESOLUTION 2, 3, 4, 5, AND 6 – RE-ELECTION OF DIRECTORS

All Directors are subject to election by shareholders at the first annual general meeting following their appointment by the Board. The Company's current articles of association, which came into effect on 21 June 2017, state that all Directors are subject to election by shareholders at the first annual general meeting following their appointment by the Board. As all the current Directors have not been appointed or re-appointed by the Company in a general meeting since their appointment, they will all retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election. Resolutions 2, 3, 4, 5 and 6 propose the re-election of Remy Millott, Gloria Fernandez, Rupert Savage, Stephen Murphy and Richard King respectively.

At subsequent annual general meetings, one-third of the Directors must retire from office (or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third (unless their number is fewer than three, in which case one of them shall retire)). Additionally, any Director not otherwise required to retire from office at an annual general meeting shall do so unless he was appointed or re-appointed as a Director at either of the last two general meetings before that meeting.

The biographies of each of the five Directors are set out on pages 18 and 19 of the annual report and financial statements for the year ended 31 December 2017.

### RESOLUTIONS 7 AND 8 – RE-APPOINTMENT OF AUDITOR AND AUDITOR'S REMUNERATION

Resolutions 7 and 8 propose the re-appointment of Deloitte LLP as the Company's Auditor for the year ending 31 December 2018, and the authorisation of the Directors to agree the Auditor's remuneration. The Directors will delegate this authority to the Audit Committee.

### RESOLUTION 9 – DIVIDEND

A total dividend can only be paid after shareholders have approved it in general meeting. Shareholders are being asked to approve a total dividend of 3.2 pence per ordinary share in respect of the year ended 31 December 2017. If shareholders approve the recommended total dividend, it will be paid on 15 June 2018 to shareholders on the Company's register of members at the close of business on the record date, which is 4 May 2018. The ex-dividend date will be 3 May 2018.

### RESOLUTION 10 – AUTHORITY TO ALLOT SHARES

The Company's Directors may only allot shares or grant rights to subscribe for, or convert any security into shares, if authorised to do so by shareholders. This resolution seeks to grant an authority under section 551 of the Act to authorise the Directors to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company and will expire at the conclusion of the next annual general meeting of the Company or 29 August 2019 if earlier.

Paragraph (a)(i)A of resolution 10 will, if passed, authorise the Directors to allot shares or grant rights to subscribe for, or to convert any security into, such shares in the Company up to a maximum nominal amount of £31,062.24. This amount represents no more than 33.33% of the Company's issued share capital as at 13 April 2018 (being the latest practicable date prior to the publication of this notice of annual general).

Paragraph (a)(i)B of resolution 10 authorises the Directors to allot, in addition to the shares referred to in (a)(i)A further shares up to an aggregate nominal amount of 33.33% of the Company's issued share capital in connection with a pre-emptive offer to existing shareholders by way of a rights issue (with exclusions to deal with fractional entitlements to shares and overseas shareholders to whom the rights issue cannot be made due to legal and practical problems). This is in accordance with the latest guidelines published by the Investment Association.

This authority will expire on the conclusion of the next annual general meeting of the Company or 29 August 2019 if earlier. The Board has no present intention to exercise this authority. However, it is considered prudent to maintain the flexibility that this authority provides. The Company's Directors intend to renew this authority annually.

### RESOLUTIONS 11 AND 12 – DISAPPLICATION OF PRE-EMPTION RIGHTS

These resolutions will be proposed as special resolutions. Under section 561(1) of the Act, if the Directors wish to allot ordinary shares, or grant rights to subscribe for, or convert securities into, ordinary shares, (which for this purpose includes a sale of treasury shares for cash) other than pursuant to an employee share scheme, they must in the first instance offer them to existing shareholders in proportion to their holdings. There may be occasions, however, when the Directors need the flexibility to finance business opportunities by the issue of shares without a pre-emptive offer to existing shareholders. This cannot be done under the Act unless the shareholders have first waived their pre-emption rights.

# NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

## RESOLUTIONS 11 AND 12 -

### DISAPPLICAION OF PRE-EMPTION RIGHTS (continued)

The Directors have no present intention of exercising these authorities, but these resolutions are considered appropriate to give Directors the flexibility referred to above. The Directors intend to renew these authorities annually. If given, the authorities granted under resolutions 11 and 12 will expire at the conclusion of the next annual general meeting of the Company or 29 August 2019 if earlier.

Resolution 11 asks shareholders to waive their pre-emption rights and, apart from rights issues or any other pre-emptive offer concerning equity securities, the authority contained in this resolution will be limited to the issue of shares for cash up to an aggregate nominal value of £4,664.00 (which includes, for this purpose, the sale on a non-pre-emptive basis of any shares held in treasury), which represents no more than 5% of the Company's issued ordinary share capital (excluding treasury shares) as at 13 April 2018 (being the latest practicable date prior to the publication of this notice of annual general meeting). The Directors confirm that they have no intention to issue more than 7.5% of the issued share capital (excluding treasury shares) for cash on a non-pre-emptive basis during any rolling three-year period pursuant to the authority granted by resolution 11 and equivalent future authorities and the sale on a non-pre-emptive basis of any shares held in treasury will be considered an issue for cash for this purpose.

Resolution 11 also seeks a disapplication of the pre-emption rights on a rights issue, so as to allow the Directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas shareholders.

The Pre-Emption Group (the "PEG") has issued a revised Statement of Principles (the "PEG Principles") indicating that, in addition to the standard annual disapplication of pre-emption rights up to a maximum equal to 5% of issued ordinary share capital (requested in resolution 11), the PEG is supportive of extending the general disapplication authority by an additional 5% in certain specified circumstances. The PEG has recommended that companies request this additional disapplication authority in a separate resolution. Resolution 12 asks the shareholders to grant this additional disapplication authority.

The authority sought in resolution 12 will be limited to the issue of shares for cash up to an aggregate nominal value of £4,664.00. (which includes, for this purpose, the sale of any shares held in treasury), which represents no more than 5% of the Company's issued ordinary share capital (excluding treasury shares) as at 13 April 2018 (being the latest practicable date prior to the publication of this Notice) and may be used only for transactions that the Directors determine to be acquisitions or capital investments that fall within the PEG Principles.

## RESOLUTION 13 - AMENDMENT TO THE COMPANY'S ARTICLES OF ASSOCIATION

The Company is seeking shareholder approval to amend its articles of association to include the following new regulation:

"80.2 The Directors will receive their remuneration from the subsidiary where they hold their service agreement as a consideration for the management services they render to the Company or any of its subsidiaries."

The purpose of this amendment is to enable the Directors to be remunerated by the relevant Group subsidiary company for the management services rendered by them either to the Company or to any of its subsidiaries."

## PROCEDURAL AND EXPLANATORY NOTES

### Entitlement to attend and vote

1 The right to attend and vote at the annual general meeting is determined by reference to the Company's register of members. Only a member entered in the register of members as at close of business on 24 May 2018 (or, if the annual general meeting is adjourned, in the register of members as at the close of business on the date which is two business days before the time of the adjourned annual general meeting) is entitled to attend and vote at the annual general meeting and a member may vote in respect of the number of ordinary shares registered in the member's name at that time. Changes to the entries in the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the annual general meeting.

### Proxies

2

(a) As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the annual general meeting. You can only appoint a proxy using the procedures set out in these notes.

(b) Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

(c) A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box on your proxy form. If you sign and return your proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.

(d) You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. You may not appoint more than one proxy to exercise rights attached to any one share.

(e) If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box provided the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy form. If you submit more than one completed valid proxy, the proxy received last before the latest time for receipt of proxies will take precedence.

(f) To appoint more than one proxy, you may photocopy the proxy form. Please indicate in the box on the form the number of shares in relation to which they are authorised to act as your proxy. Please also indicate with an "X" in the place provided on the proxy form if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

(g) To direct your proxy how to vote on the resolutions mark the appropriate box on your proxy form with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you mark with an "X" "discretion", or if no voting indication is given, your proxy will vote or abstain from voting as he or she sees fit.

(h) To appoint a proxy using this form, your proxy form must be:

- completed and signed by the appointor or their duly authorised attorney;
- sent or delivered to the Company's Registrars, Link Asset Services, at: PXS, 34 Beckenham Road, Beckenham BR3 4TU; and
- received by post or by hand by Link Asset Services no later than 11.30 am on 24 May 2018 (together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or a copy certified in accordance with the Power of Attorney Act 1971 or in some other manner approved by the Directors).

Completed proxy forms should NOT be sent to the Company's registered office.

(i) In the case of a member which is a company, your proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer of the Company or an attorney for the Company stating their capacity (eg Director, Secretary).

(j) Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be included with your proxy form.

(k) CREST members who wish to appoint a proxy or proxies by using the CREST electronic appointment service may do so by using the procedures described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)) subject to the provisions of the Company's articles of association. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. To be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must be transmitted so as to be received by our agent Link Asset Services, whose CREST participant ID is RA10, by 11.30 am on 24 May 2018.

(l) In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

(m) If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

(n) Save through CREST, we do not have a facility to receive proxy forms electronically. Therefore, you may not use any electronic address referred to in the proxy form or any related document to submit your proxy form.

(o) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members entered on the register of members of the Company as at close of business on 24 May 2018 or, in the event that this meeting is adjourned, on the register of members as at close of business on the day two days before the date of any adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the register of members after close of business on 24 May 2018, or in the event that this meeting is adjourned, in the register of members after close of business on the day two days before the date of the adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the meeting.

# NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

## Corporate representatives

3 A shareholder of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the annual general meeting. In accordance with the provisions of the Act, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder of the Company, though there are restrictions on more than one such representative exercising powers in relation to the same shares.

## Nominated persons

4 Any person to whom this Notice is sent as a person nominated under section 146 of the Act to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the annual general meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

5 The statement of the rights of members in relation to the appointment of proxies in paragraph 2 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by members of the Company.

## Issued share capital and total voting rights

6 As at close of business on 13 April 2018, being the last practicable day prior to the publication of this Notice, the Company's issued share capital comprised 46,640,000 ordinary shares of £0.002 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at the date of this Notice is 46,640,000.

## Members' requests under section 527 of the Act

7 Under section 527 of the Act members meeting the threshold requirements set out in that section have the right to require the Company to publish a statement on a website setting out any matter relating to: (i) the audit of the Company's Accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the annual general meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the last annual general meeting. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the annual general meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.

## Members' rights to ask questions

8 Any member attending the annual general meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the annual general meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the annual general meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the annual general meeting that the question be answered.

## Inspection of documents

9 Copies of the Executive Directors' service contracts and the letters of appointment of the Non-Executive Directors will be available for inspection at the office of the Company during normal business hours until the date of the annual general meeting, and at the place of the annual general meeting from 15 minutes before the annual general meeting until it ends.

## Security

10 Security measures will be in place to ensure your safety at the annual general meeting. Please do not bring suitcases, large bags or rucksacks. If you do, we may ask you to leave the item in the cloakroom. Recording equipment, cameras and other items that might interfere with the good order of the meeting will not be permitted. Mobile phones must be turned off or on silent during the meeting. Please also note that those attending the annual general meeting will not be permitted to hand out leaflets in the venue.

## Website

11 A copy of this Notice, and other information required by section 311A of the Act, can be found at [www.globalyachtinggroup.com](http://www.globalyachtinggroup.com).

## Voting results

12 The results of the voting at the annual general meeting will be announced through a regulatory information service and will appear on our website [www.globalyachtinggroup.com](http://www.globalyachtinggroup.com) as soon as reasonably practicable.

## Communication

13 You may not use any electronic address provided either in this Notice or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

# COMPANY INFORMATION

## Directors:

Stephen Murphy  
Remy Millott  
Gloria Fernandez  
Rupert Savage  
Richard King

## Registered Office:

Cannon Place  
78 Cannon Street  
London  
EC4N 6AF  
United Kingdom

## Company Number:

10001363 (England & Wales)

## Company Secretary:

Sue Steven

## Company Website:

[www.globalyachtinggroup.com](http://www.globalyachtinggroup.com)

## Nominated Adviser and Broker:

### Zeus Capital Limited

82 King Street  
Manchester  
M2 4WQ

and

10 Old Burlington Street  
London  
W1S 3AG

## Auditors and Reporting Accountants:

### Deloitte LLP

2 New Street Square  
London  
EC4A 3BZ

## Solicitors:

### CMS Cameron McKenna Nabarro Olswang LLP

Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EN

## Financial PR:

**FTI Consulting, Inc.**  
200 Aldersgate  
Aldersgate Street  
London  
EC1A 4HD

## Company Registrars:

**Link Asset Services**  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

## Bankers:

**Banco Santander, S.A.**  
Edificio Dehesa, Planta 1a  
Avda. de Cantabria SN  
28660 Boadilla del Monte  
Madrid  
Spain

**Caixabank, S.A.**  
Avda Diagonal, 621  
Torre 2 PI 1  
08028 Barcelona  
Spain

**Bankia, S.A.**  
Paseo de la Castellana 189  
28046 Madrid  
Spain



Registered Office:  
Cannon Place  
78 Cannon Street  
London  
EC4N 6AF  
United Kingdom