



THE WORLD'S LEADING
SUPERYACHT SERVICE & SUPPLY GROUP



Annual report and financial statements
For the year ended 31 December 2020



GYG is a global market leading superyacht painting, supply and maintenance company, offering services throughout the Mediterranean, northern Europe and the USA. The Company primarily trades under the Pinmar, Pinmar Yacht Supply and Technocraft brands, operating in both the Coatings (New Build and Refit) and Supply markets.

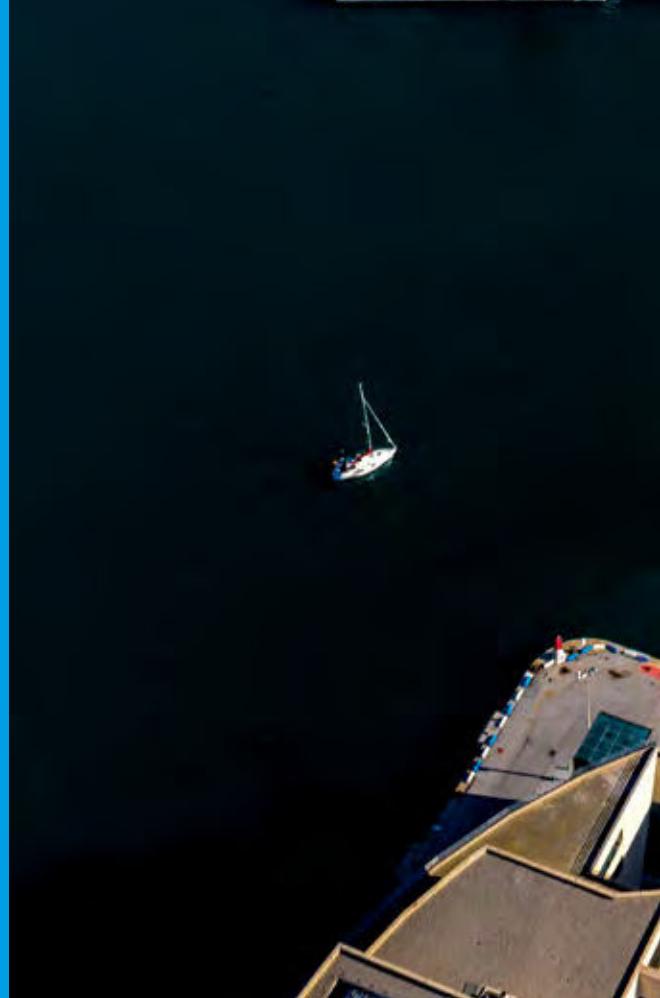
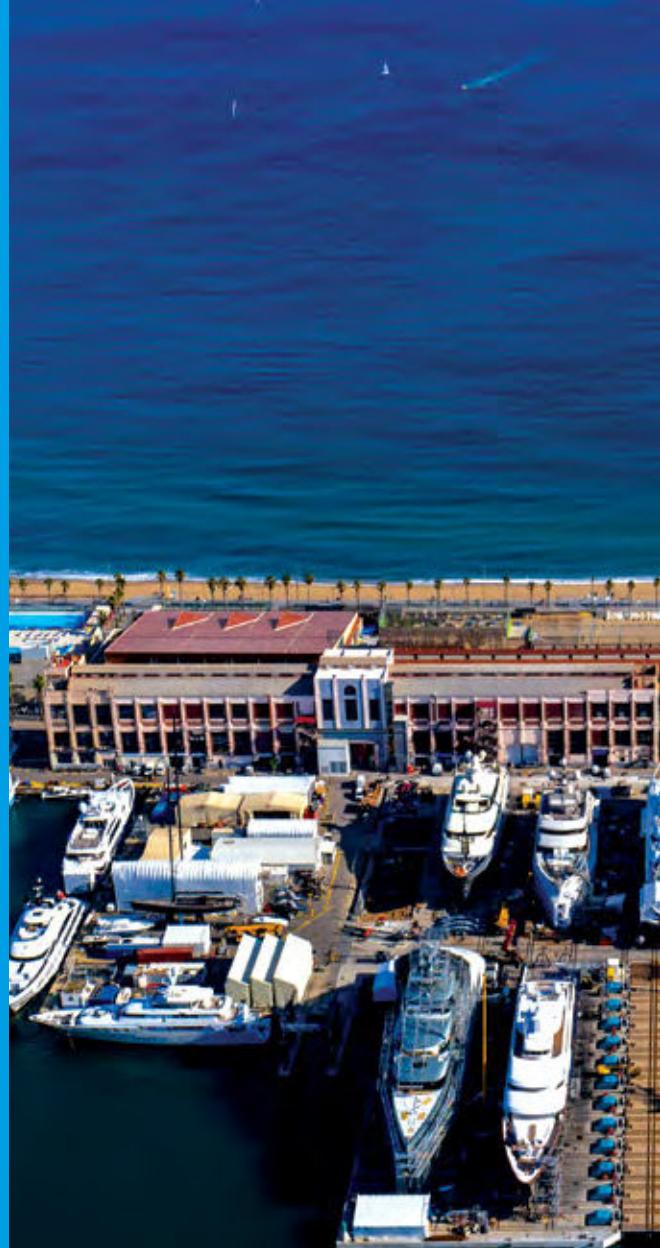
Pinmar was founded in Mallorca, Spain in 1975 as a specialist yacht painting company focused on the new breed of superyachts over 40m. In 2012 Pinmar merged with its main local competitor, Rolling Stock, to form the Global Yachting Group. The Company floated on the London Stock Exchange's AIM market in 2017 and was re-named GYG plc.

During its 45-year history, Pinmar has expanded its operations to cover the major superyacht Refit locations across Europe and the USA as well as establishing partnerships with the largest New Build shipyards. It has diversified its service offering through its yacht chandlery business, Pinmar Yacht Supply, which provides a multi-channel supply service to the world's superyacht fleet. Today it is recognised as the market leading brand in superyacht painting with a reputation for premium quality.

The Group also operates a specialist engineering company, Technocraft, that provides bespoke scaffold containment systems and yacht hardware removal and repair services to superyachts. These services form an integral part of the superyacht Refit process and enable Pinmar to offer a unique turnkey approach to superyachts and the Refit yards.

Pinmar has pioneered many of the innovations and methodologies associated with superyacht painting and is recognised as the most technically advanced applicator in the industry. Working with the major international paint manufacturers, it continues to invest in research and development programmes to drive improvements in speed, quality and efficiency. The Pinmar Standard 2.0 is recognised as the most exacting quality metric in the industry.

GYG plc is incorporated in the UK with its registered office in London. The Group's headquarters are in Palma de Mallorca, Spain, with its main Mediterranean operational hubs in Palma, Barcelona and La Ciotat, France. The USA division is based in West Palm Beach, Florida, with operational centres in Fort Lauderdale and Savannah, Georgia. The Company also has offices in Holland and Germany providing a permanent presence in the major northern European New Build market.





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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 decreased 7.7% to €58.9m (FY19: €63.8m)	Coatings (Refit and New Build) revenue decreased 5.4% to €50.8m (FY19: €53.7m)	Supply revenue decrease 19.8% to €8.1m (FY19: €10.1m)	Adjusted EBITDA¹ increased by 15.6% to €5.2m (FY19: €4.5m)	Exceptional costs of €1.0m driven mainly by COVID
Operating profit decrease of 7.7% to €1.2m (FY19: €1.3m)	Profit before tax decreased to €0.2m (FY19: €0.8m)	Net debt position² of €11.8m at 31 December 2020 (FY19: €8.2m)	Cash at 31 December 2020 €3.6m (€5.5m at 31 December 2019)	Amended banking facilities agreed with improved repayment terms



OPERATIONAL HIGHLIGHTS

- Robust performance despite COVID-19 disruption with record level Order Book at €41.1m at 31 March 2021
- Active on an unprecedented eight New Build projects during the year in the premium segment across Northern Europe, with work continuing on five of these into 2021
- Largest turnkey Refit project for a 115+ metre yacht in Germany started in Q4 2020
- Exclusive distribution agreement signed with ALTRAD plettac assco GmbH to distribute its specialised scaffolding equipment in the USA
- Expanded customer base and service offering in the Supply division with renewed focus on CRM systems, site consolidation and increased collaboration with Coatings division
- Entered partnership agreement with AkzoNobel to develop and bring to market a unique application methodology for its revolutionary new sprayable filler product
- Continued to build on IT infrastructure upgrades through system developments leading to improvements in operational planning and control
- Continued focus on strategic initiatives to drive operational efficiencies and utilise new innovative technologies, has delivered further improvements in EBITDA margin

¹ Adjusted EBITDA is defined as operating profit before depreciation, amortisation, impairment, performance share plan costs and exceptional items. This is an alternative performance measure used by Directors to assess the operating performance of the Group.

² Net debt position is defined as the net cash and cash equivalent balances, less short and long-term borrowings and obligations under leases. This is an alternative performance measure used by investors, financial analysts, rating agencies, creditors and other parties to ascertain a company's debt position.

OUR BRANDS

GYG operates a portfolio of three principal brands: Pinmar, Pinmar Yacht Supply, and Technocraft. Available as a turnkey solution or as standalone products, GYG offers comprehensive painting, supply and maintenance services to the global superyacht sector.

PINMAR is the market leading brand in the superyacht painting sector (40m and above), having provided the paint finish on hundreds of yachts during its 45-year history.

In the New Build sector, Pinmar specialises in the 70m and above segment, working with the leading shipyards in northern Europe which dominate the production of the larger, premium quality vessels. Pinmar has completed the fairing and finishing on more than 40 New Build projects with an average length over 100m, including many of the world's most prestigious superyachts.

Pinmar is the only paint application company that offers a global refit service proposition with operational hubs located within the leading Refit shipyards across Europe and the USA. The Group undertakes over 35 major Refit projects per year equating to approximately 10% of the estimated annual global market.

Pinmar is acknowledged for its technical leadership in the superyacht painting industry with a history of technological innovation, having pioneered the development of several major improvements in application technology, environmental management and finish quality. The company led the introduction of topcoat electrostatic spray application and more recently conducted a trial project in Germany working with and understanding

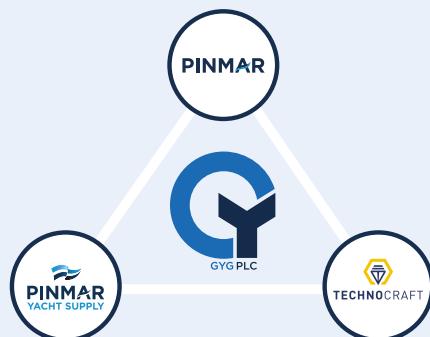
the benefits of the application of Awlgrip's remarkable new sprayable filler product (Awlfair SF) in partnership with AkzoNobel and Wrede Consulting.

PINMAR YACHT SUPPLY is a major international superyacht supply company with a network of yacht chandlery outlets and retail partners in Palma, Barcelona, Valencia, Girona, Vigo, Gibraltar, La Ciotat and Malta. It also operates a mobile fleet providing dockside service to the major shipyards and marinas in Mallorca and the Spanish Peninsular.

The Company's superyacht service centres offer a worldwide supply and logistics service supporting a growing portfolio of the world's largest superyachts with bridge, deck and engineering equipment and consumables.

Pinmar Yacht Supply's trade division operates as a principal distributor in Spain for AkzoNobel's marine paint brands, 3M abrasives and several other major marine product manufacturers, with operations extending to the Canaries, Egypt, Portugal, Malta and Greece.

TECHNOCRAFT is a specialist engineering company that provides bespoke containment systems and yacht hardware removal and repair services to superyachts. These services form an integral part of the superyacht Refit process and enable GYG



to offer a unique turnkey approach to superyachts and the Refit yards.

Technocraft's two divisions, yacht containment systems and yacht hardware solutions, are both based in Palma with permanent hubs in Barcelona and La Ciotat. Technocraft has the unique capability of being able to deploy its specialist teams and equipment to shipyards throughout Europe and frequently combines with Pinmar to offer turnkey Refit solutions to the world's largest superyachts.

Technocraft's yacht containment division is a recognised leader in this highly specialist sector having designed and delivered containment systems for some of the largest superyacht Refit projects in the world. The company utilises the latest scaffolding equipment and has developed a cantilever system that enables it to construct bespoke containment systems for virtually any size or shape of vessel.

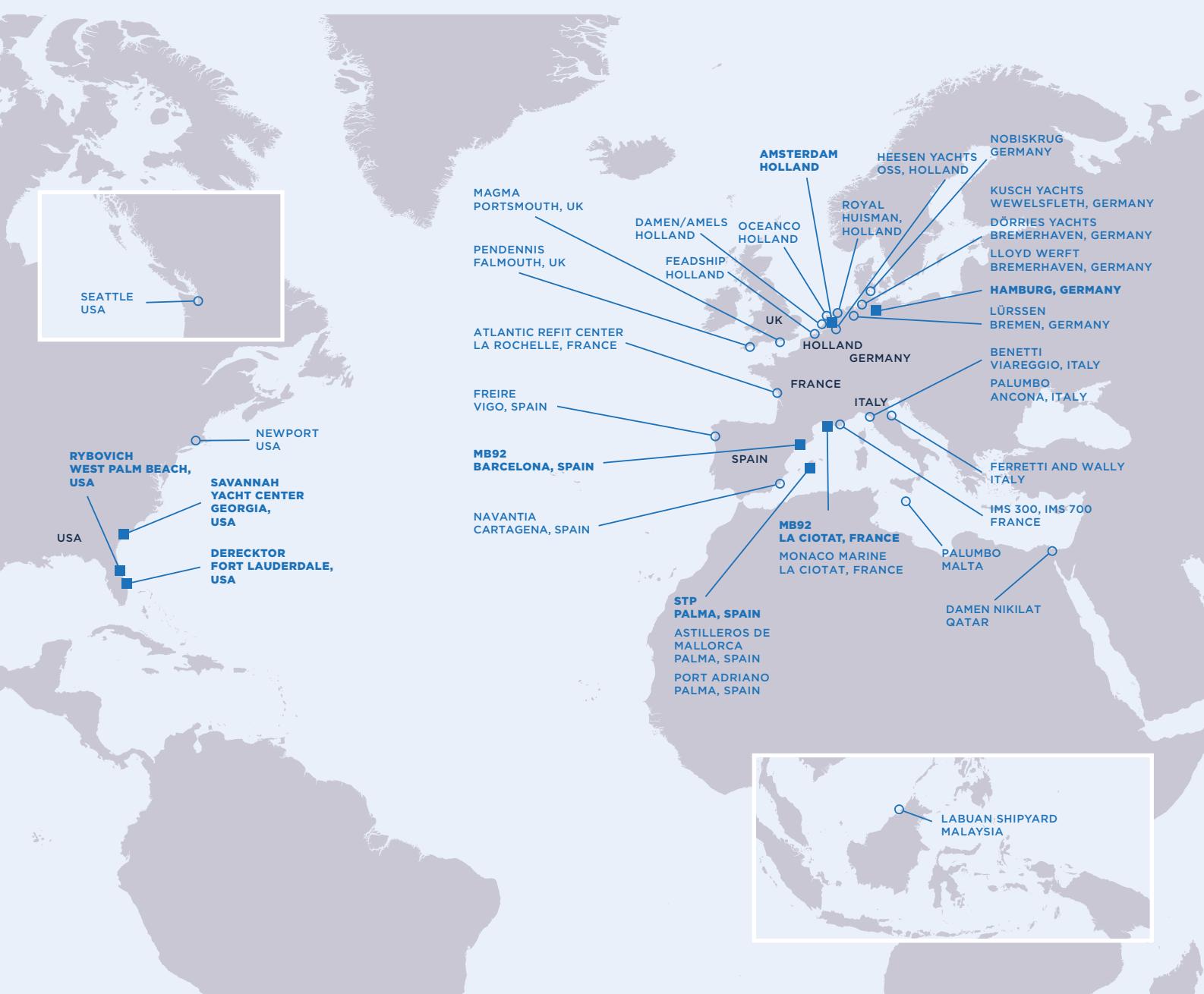
OTHER BRANDS GYG owns two further paint application brands, Rolling Stock and ACA Marine which were acquired through merger and acquisition respectively. During 2019 the Rolling Stock and ACA Marine brands were scaled back as customers have been migrated to the principal Pinmar brand.

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	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
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	2010	• Completion of the world's largest superyacht		

GYG global operations

■ Major Bases



2016

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

2018

- GYG opens new hub in La Ciotat, France with its Pinmar, Pinmar Yacht Supply and Technocraft brands supplying Refit and Supply services to shipyards and superyachts

- Pinmar launches a major marketing campaign aimed at growing market share in northern European New Build sector

- Pinmar Yacht Supply expands its superyacht supply business with the addition of new retail partners

2014

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

2017

- Global Yachting Group floated on the London Stock Exchange's AIM market changing the name to GYG plc
- Acquisition of ACA Marine business in France

2019

- Pinmar signs 6 New Build contracts with major northern European shipyards
- GYG consolidates brands to leverage market leading Pinmar brand globally
- Pinmar opens new base at Savannah Yacht Center, Georgia increasing capacity for 70m+ yacht refits in the USA

2020

- The Group signs its largest turnkey Refit project to date, to be completed in Germany
- Pinmar uses AkzoNobel's revolutionary Awlfair SF spray filler application technology on first superyacht New Build project
- Pinmar Yacht Supply unveils new yacht-centric strategy supported by new leadership team and branding

WHAT WE DO

GYG's operations can be divided in to two key markets:

- **Coatings** – which is split into two segments:

New Build – involves the fairing and painting of new superyachts in the latter stages of a multiyear construction process

Refit – the repainting and refinishing of superyachts, normally as part of a major refit and maintenance programme, a process which includes bespoke scaffold containment systems and yacht hardware removal, repair and reinstallation

- **Supply** – the sale and delivery of maintenance materials, consumables, spare parts and equipment to superyachts and trade customers via direct yacht sales and from retail stores across Europe's main shipyards

NEW BUILD

The exterior finish of a superyacht is a key part of the construction process ensuring the physical integrity and performance of the hull and superstructure. It is also fundamental to the aesthetics of the finished yacht emphasising the sleekness of design and the product's quality.

The time demanding process of fairing and finishing a superyacht comprises many complex stages and can take upwards of twelve months to complete depending on the construction methodology and size of the yacht. Starting with a fresh steel or aluminium substrate, complete with all its surface imperfections, the process commences with the application of several layers of specialist epoxy filler compound to gradually build up a seamless base across several thousand square meters of surface area to create the smooth lines of the yacht design.

Traditionally, our fairing process had an artisanal approach. It is very labour-intensive and based on highly skilled individuals using techniques handed

down from painter to painter. The process had not really been modernised in any significant way for a long time until the recent introduction of Awlgrip's remarkable new sprayable filler product, Awlfair SF, with the results from our recent trial project demonstrating to us that this new technology will offer a step change in both the time and quality of fairing for large New Build projects.

After several phases of sanding and cleaning, paint primers are then applied to seal the filler and provide a consistent surface for the topcoats. After multiple cycles with detailed inspections between each application, the entire yacht is then prepared for the final application of topcoats. This final stage involves a team of highly experienced specialist top-coaters working as a cohesive unit and, using the latest electrostatic spray guns, they apply several hundred litres of specialist marine paints to achieve the high gloss superyacht finish.

GYG's highly developed production methodologies are designed to

synchronise with those of the shipyard and other sub-contractors to ensure maximum speed, efficiency, and control during each project. Quality, safety, and environmental controls are fundamental to the production process ensuring the quality of the finish, whilst minimising the environmental impacts and ensuring the safety of the workforce. GYG's pioneering introduction of electrostatic paint spraying to the superyacht sector has led to significant improvements in the application process and consistency of the finish quality. Most importantly, with a 60% improvement in paint transfer, it has resulted in a significant reduction in waste.

Pinmar is a leading paint applicator in the industry and is one of the preferred paint contractors to several of the largest and most prestigious shipyards in northern Europe. This ensures a consistent and visible forward Order Book. The Group is growing its market share in the 70m+ New Build sector by establishing further long-term supplier relationships with major shipbuilders.



REFIT

Superyacht marine paints used above the waterline¹ have an effective life of 4-6 years depending upon yacht use and environmental factors, necessitating a regular refinishing cycle throughout the yacht's life. Superyachts require a major Refit inspection and service every five years to comply with maritime industry class regulations. Consequently, owners often use the major service periods as an opportunity for re-painting their superyachts as there are significant cost saving and schedule synergies by combining these activities. Yachts typically undertake an annual haul out to renew anti-fouling and to undertake general maintenance to keep the vessels in optimum condition.

Large superyachts can be painted in or out of the water, or in specialist dry dock facilities provided the necessary scaffolding and containment systems are used to facilitate safe access and create a controlled working environment. Before the paint team can start work preparing the vessel, specialist teams dismantle and remove all the exterior fittings from the yacht. The Refit paint process involves the identification and treatment of any corrosion or damage to the substrates. This is followed by an intensive cycle of sanding and cleaning to remove the old paint system and any contaminants. New primers are then

applied to re-seal the paint system and provide a consistent surface for the top coating system. Depending on the colour and type of finish, at least 3 layers of topcoats will then be applied using the latest electrostatic application technology. Final inspections are made to ensure the requisite film thickness, gloss and quality of finish are achieved before the support infrastructure is removed and the yacht can be handed back to the captain and crew to maintain. A typical 70m yacht Refit will take 12-14 weeks and several thousand man-hours to complete.

Pinmar has unrivalled experience in the superyacht Refit market having painted more yachts over 40m than any other company. It now focuses on the 50m+ market where the scale and complexities

of completing a major Refit project in a short window are significant. 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-sales service. Pinmar offers a unique proposition encompassing turnkey solutions, premium quality, geographic scope and a global warranty. Pinmar leads the industry in terms of quality and has preferred partnership agreements with many of the largest Refit yards in Spain, France, Holland, Germany and the USA.

¹ As opposed to anti-fouling paint systems used below the waterline that require annual or bi-annual applications to function correctly.



SUPPLY

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

Superyacht Supply Team - Superyachts' requirement for a reliable and efficient supply service remains constant wherever the location. Pinmar Yacht Supply's yacht distribution team service this need by organising the logistics of shipping goods to marinas around the world. The Pinmar Yacht Supply team also offer a shore support service in Spain which includes the arrangement of Temporary Importation Agreements providing relief from withholding taxes during Refit periods as well as concierge services. Pinmar Yacht Supply is able to provide a fast, efficient and reliable service across a diverse range of requirements to a large fleet of superyachts.

Retail Division - Through its fixed and mobile chandlery outlets in Palma and

Barcelona and its retail partner network, Pinmar Yacht Supply offers an extensive range of nautical brands to superyachts and the supporting marine service industry. The portfolio is segmented by bridge, deck, galley, engine room, toys, uniforms and safety equipment. With shops located in major shipyards and an experienced retail staff with expert product knowledge, Pinmar Yacht Supply offers a professional service underpinned by competitive pricing and high availability of stock as a result of the Group's major distribution agreements.

Trade Distribution - Pinmar Yacht Supply is one of the principal distributors in Spain for AkzoNobel marine paint brands, 3M abrasives and other major product manufacturers. Through the buying power created by the scale of the Group, Pinmar Yacht Supply can negotiate favourable rates on core product lines. The combination of competitive prices, key account management and first-class service results in an attractive supply proposition.



MARKET SIZE AND GROWTH FORECAST

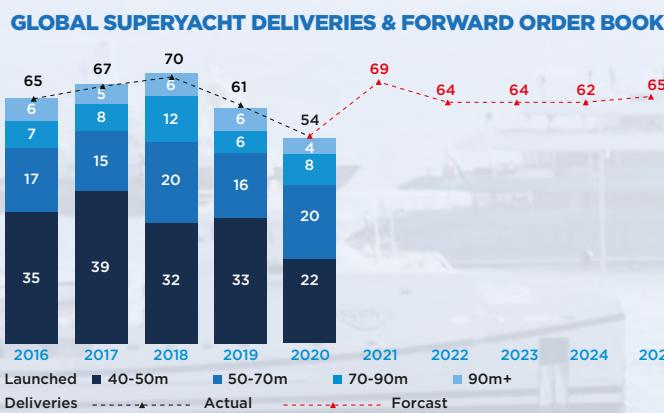
The total superyacht fleet, defined by yachts over 30m in length, stood at 5,719¹ vessels at the end of 2020. GYG operates in the 40m+ segment which largely discounts the volume produced models to focus on semi-custom and custom built yachts with metallic structures, greater operational budgets, and more rigorous maintenance programmes

The 40m+ superyacht fleet currently comprises of 2,096 superyachts and continues to grow, with a projected compound annual growth rate (CAGR) of 2.9% over the next five years. While the growth rate itself is slowing as the fleet size increases, there are clear signs of stability and consistency in unitary

output each year. We are beginning to see widespread investment in new or acquired facilities amongst the world's leading New Build shipyards in order to increase their production capacity in the longer term.

During an unprecedented 12-month period, the growth of the 40m+ fleet slowed materially in 2020, yet its rebound is forecast to be both immediate and robust. Fleet growth in 2021 is projected to spike to 3.3%, caused chiefly by the number of 2020 project deliveries delayed into 2021 due to the widespread restrictions on movement in major European yacht building territories during the COVID-19 pandemic.

THE NEW BUILD MARKET

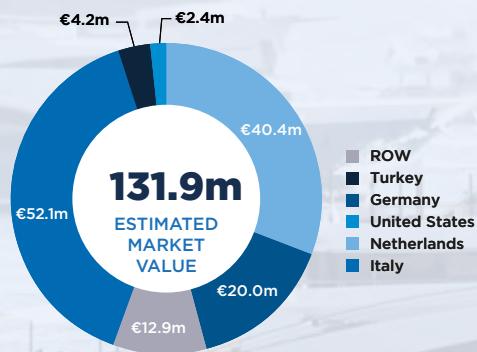


The 40m+ New Build market has seen a period of stability and consistency since 2015 and current output levels are predicted to deliver a steady fleet growth of 2.9% CAGR through to 2025.

The New Build Order Book for 2021 shows a surfeit of projects in build and scheduled for delivery in 2021 (101 vessels¹). However, this figure is distorted by the delayed projects from 2020 as well as the tendency of semi-custom builders to part-build vessels and then halt production until a buyer is secured. In any given year, it is to be expected that the New Build market will fail to deliver around 20 per cent of the projects that were forecast by the builders themselves. A more realistic forecast is presented in the above chart based on historical performance.

As stated above, the 70-90m and 90m+ segments where GYG is most competitive are growing faster in percentage terms than the smaller LOA segments. This has an exponential effect on the size of the addressable market in terms of the square meterage (m²) and consequently value (€). The estimated market value of the New Build paint market in 2020 dropped marginally to c.€132m (c.€140m in 2019), but this is forecast to recover to an estimated c.€166m in 2021². With a forecasted average

ESTIMATED 2020 NEW BUILD MARKET VALUE BY REGION



market value of c.€154m per annum over the next five years, there is an indication that the new-build paint market is growing in value as a whole.

Whilst Italy is by far the largest producer of superyachts by unitary volume (54% in 2020), the Dutch and German shipyards both hold significant market shares when measured by value with 31% and 15% respectively, compared with Italy's 39% by value. These comparative market value figures are also influenced by varying rates between regions with the northern European shipyards generally yielding higher rates per m² than both Italy and Turkey.

The overall market growth of the superyacht fleet correlates to the global increase in the number of billionaires (UHNWI's) which has risen from 1,011 in 2010 to 2,095 in 2020³ and this figure is expected to grow by a further 22.3% to 2,563 by 2025. The U.S. remains the single most productive nation in terms of generating new billionaires, with US clients remaining the superyacht industry's primary client market across all major sectors.

¹ Source: The Superyacht Agency Intelligence Report for GYG plc Feb 2021.

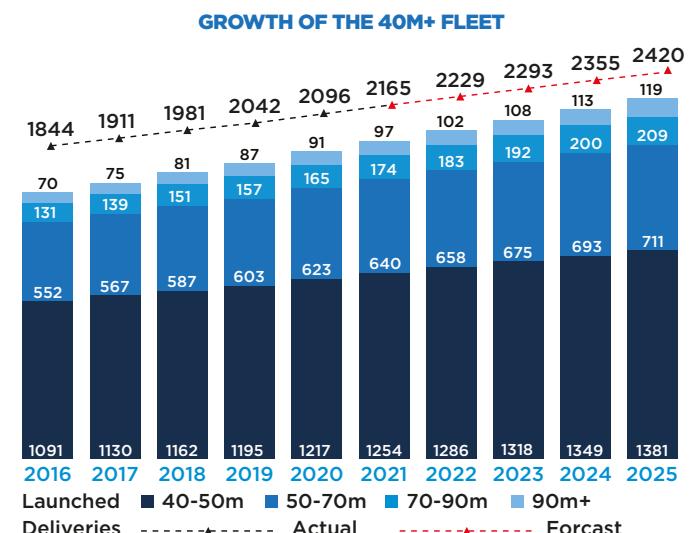
² Forward forecasts of market value are based on static estimates of 2020/21 achievable rates/m² with no indexing

³ Source: Forbes.com Feb 2021.

Overall, while 2020 itself represented a slowdown in expected cumulative output, replenishment of the New Build Order Book and the backlog of work created by the delays means the projection for the market in 2021 is better across every segment than it was 12 months ago. The larger LOA* segments of 70-90m and 90m+ continue to exhibit the highest growth rates reflecting the ongoing market trend for larger superyachts

¹ Source: The Superyacht Agency Intelligence Report for GYG plc Feb 2021. Unless otherwise stated all market estimates and forecasts are sourced from The Superyacht Agency Intelligence Report.

* LOA = Length Overall



THE REFIT MARKET

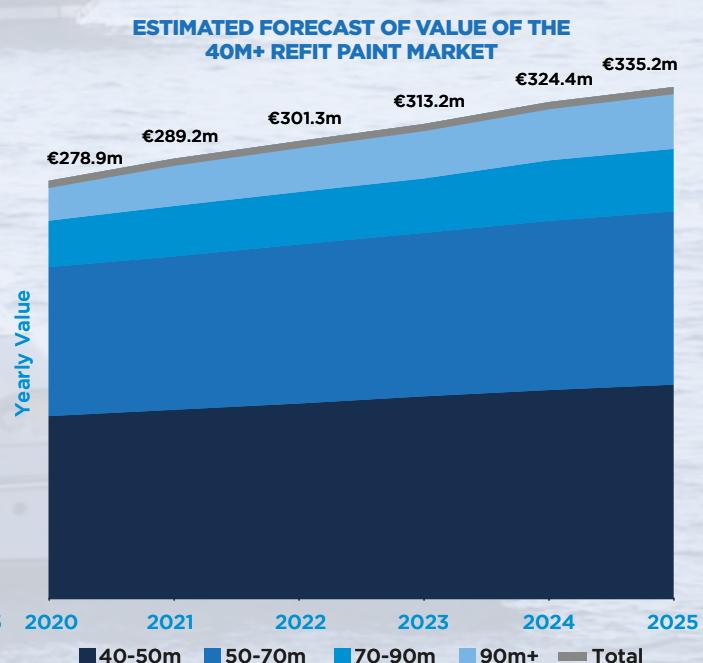
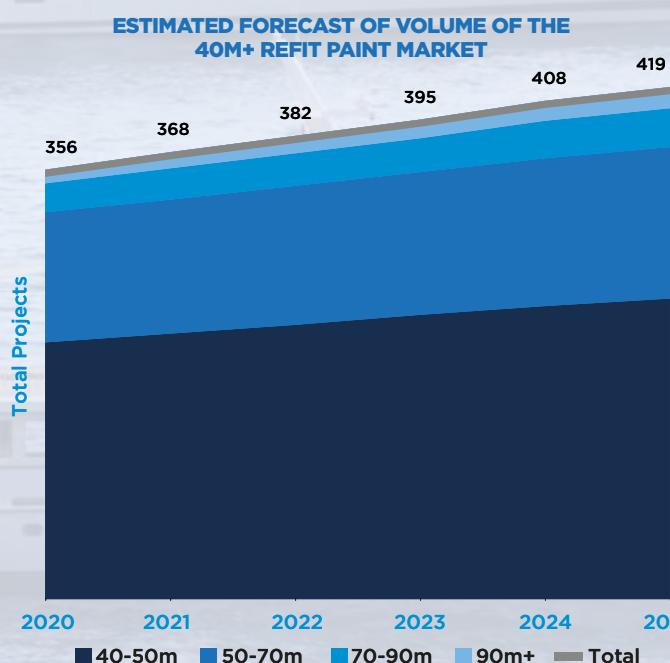
The Refit market is driven by the life cycle of the paint system which is typically 4-6 years depending on the usage and cruising patterns of each yacht. The timing of the re-painting is flexible although superyachts must undergo regular maintenance cycles every 5 years to comply with their registry, class and insurance requirements. Owners and yacht management companies prefer to take the opportunity to undertake repainting work whilst the yacht is out of service for its Refit survey, consequently major paintwork tends to follow a 5-year cycle.

The Refit market is underpinned by approximately 20% of the active fleet typically due for paintwork each year due to the 5-year cycle and continues to grow in line with the increasing size of the global superyacht fleet. The estimated number of yachts over 40m that were due for paintwork in 2020 was 3561, however the actual number

of projects completed is expected to be significantly lower due to the disruption caused by the COVID-19 pandemic. Due to the fragmented nature of the Refit market, there remains no accurate industry data on the actual performance of the annual paint market.

The value of the addressable market of Refit paintwork is estimated to grow slightly faster than the number of projects, due to the ever-increasing size of superyachts joining the global fleet. Revised market estimates suggest that the current annual value of the Refit paint market is c.€279m and will grow to an estimated c.€335m by 2025 (CAGR 3.7%) with the 70-90m and 90m+ segments exhibiting higher growth rates, 5.6% and 6.7% respectively.

¹ Source: The Superyacht Agency Intelligence Report for GYG plc Feb 2021.



CHAIRMAN'S STATEMENT



“In what has been the most challenging year in recent memory I would like to acknowledge the tremendous efforts by all GYG employees and thank our customers and industry partners for their continued support. Our thoughts are with those whose lives have been impacted directly by the ongoing pandemic and our thanks go to all those continuously working to reduce the threat of COVID-19.”

This last year proved the value of our strategic focus in 2019 on growing our addressable market, streamlining Company processes and core business activities, improving operational efficiencies and preparing our IT infrastructure to support our growth ambitions. Although no one could have quite predicted the enormous impact that the world has experienced over the last 12 months, this put the Company in a strong position to leverage its scale and effectively manage the considerable disruptions to our business and industry.

FINANCIAL RESULTS

Group turnover for the year was €58.9m, a decrease of 7.7% over the €63.8m reported for 2019. The Group entered 2020 with its strongest ever Order Book and this decrease reflects the direct impact of the pandemic on the Group. Pleasingly, no revenues were cancelled, however, some projects were delayed from Q4 2020 into Q1 2021. The Coatings division revenue decreased 5.4% to €50.8m (FY19: €53.7m). The Supply division revenue was down 19.8% to €8.1m (FY19: €10.1m), reflecting the considerable disruption to the retail sector during this time.

Despite the exceptional trading conditions experienced, in-line with our stated strategy, management delivered a significant improvement in the Group's operational efficiency resulting in a 15.6% increase in Adjusted EBITDA to €5.2m (FY19: €4.5m), and an operating profit before tax of €1.2m (FY19: €1.3m). The 170 bps improvement in adjusted EBITDA margin to 8.8% (FY19: 7.1%) reflects the Group's strategic focus on continual improvement in operational performance, including innovative new technologies.

These results demonstrate an outstanding effort from the whole team. The increase in adjusted EBITDA and operating profit highlights the significant progress that the Group has continued to make from the foundations set in 2019 and shows further delivery of the Board's strategy to improve margins, embrace innovation and enhance both the quality and sustainability of earnings.

DIVIDEND

The Board believes it was in the best interest of the Company not to declare an interim dividend in 2020 or propose a dividend for the full year, as the Group continues to strengthen the balance sheet and expand the scale of its activities. However, it remains the Board's intention to return to the dividend list at the earliest appropriate opportunity.

FINANCIAL POSITION

The Group's overall financial position remained relatively solid in the year. The reduced revenues as a result of the pandemic impacted operating cashflows during the year and as a result, net borrowings increased to €8.8m (FY19: €4.4m).

On 30 June 2020, as part of its response to the pandemic, the Group entered into new borrowing facilities of €3.0m through a Spanish government sponsored programme. The new facilities have a 12-month repayment holiday and are then repaid over the subsequent 24 months.

Post period end, in March 2021, the Group amended its existing borrowing facilities with its lenders. Under the terms of the amended agreement, Facility B, which was due to be repaid in March 2021, is now repayable in four tranches of €1.0m starting in June 2021 and ending in December 2022. Facility A was repaid in early April 2021.



As part of the amendment, an additional €1.0m of revolving credit, factoring and discounting facilities were made available to the Group. The continued support from the Group's lenders provides further stability and strength to the balance sheet as we emerge from the pandemic.

PEOPLE AND ORGANISATIONAL DEVELOPMENT

I am humbled by the resilience and compassion of our employees in what has been the most extraordinary year that many of us have experienced. The team have adapted quickly to differing lockdown restrictions and travel parameters across our diverse geographic operations and have done so with professionalism and dedication.

Management have made significant progress in strengthening the team particularly in response to our increased level of New Build activity across Northern Europe, along with improving core processes and controls. The team are currently investigating opportunities to upgrade IT systems to increase automation, improve operational efficiency and scale for future growth.

ENVIRONMENTAL ISSUES AND CLIMATE CHANGE

GYG recognises climate change as the biggest environmental threat the world currently faces and something that the Group must play an active role in trying to mitigate across its operations. Accordingly, in conjunction with our assessment and adoption of new technologies, the Group has commenced its first review of how all our businesses contribute towards climate change. As the largest division of the Group's activities, the initial priority is to focus on our Coatings operations where we already utilise the electrostatic paint application, which improves paint transfer efficiency and significantly reduces the potential environmental impact of overspray.

During 2021 we will set out the parts of our Coatings operations that have the greatest environmental impact. This will include the preparation and application of coatings in both the New Build and Refit markets as well as transport and logistics. The goal is to assess appropriate KPIs specific to our environmental impacts,

measure our performance against those KPIs in 2021 as part of a baselining exercise, and then develop plans for mitigating those impacts in the future. We will report on our performance against those KPIs on an annual basis going forward.

BREXIT

The Group invested time through the year to ensure that the appropriate planning and contingency processes were in place in advance of the UK's departure from the European Union. Due to the geographic spread of the Group's operations across Europe and the US, the Board does not believe that Brexit has or will have a material impact on the Group's future prospects.

OUTLOOK

The Group has enjoyed a strong start to the current financial year with Q1 revenue 21% ahead of the same period last year. Notwithstanding any further impact from the pandemic, this positive start to the year combined with a favourable sales mix and continued growth in our forward Order Book results in the Board looking to the future with confidence.

Shareholders will be aware that, on 9 April 2021, the Group was notified that one of the Company's major shareholders, Harwood Capital, was in the preliminary stages of evaluating a possible offer for the entire issued and to be issued share capital of the Company. As of today, Harwood has made no further announcements in relation to this possible offer. Following publication of these results, it is the Board's intention to engage with independent shareholders to appraise them further of the current trading and prospects for GYG. When we have feedback from independent shareholders in relation to the Group's prospects and their attitude towards the unsolicited possible offer, we will make a further announcement.

Stephen Murphy
Non-Executive Chairman

23 April 2021

CHIEF EXECUTIVE'S REPORT



“The operating environment during the year was dominated by the COVID-19 pandemic and its impact around the world. Overall, the Group delivered a robust performance despite the considerable disruption caused by the pandemic, reflecting the strategic focus and measures taken to improve operational efficiency in 2019 which continued into 2020. As a result of these measures, the Group was in a far stronger position to effectively manage and overcome these challenges and starts the current financial year in a strong position.”

We started 2020 with a record Order Book and we continued to build on this throughout the year, with a particular focus on higher value, longer-term New Build contracts. We are currently working on several significant turnkey Refit projects, utilising the full-service range including bespoke scaffolding, containment, hardware removal, caulking and complete repainting alongside five New Build projects. In addition to evolving a favourable sales mix, we remain focused on driving further operational efficiencies and margin improvements across the Group. Despite the challenges we have faced, the market fundamentals remain strong, and our record Order Book not only demonstrates our clients' conviction in the outlook for the industry and market but also provides better visibility, facilitates efficient planning, and gives us confidence for further market share gains in the year ahead

Since the start of the COVID-19 pandemic our priority has been the health and safety of our colleagues, our customers, and the wider community in which we operate. The Group has worked tirelessly across our operations, contending with changing restrictions, quarantines and lockdowns in different jurisdictions and I would like to thank our employees for their resilience, adaptability and professionalism during this time.

During the year, new working practises and protocols were needed to improve working conditions and to adhere to social distancing in our workplaces. The big initiative we took was to completely reform and expand our Headquarters in Palma, which has allowed us to bring more colleagues and departments together safely in this building. Our organisational structure has also been refined in line with this initiative, with a focus on efficient reporting lines and cross-department collaboration.

COVID-19

The Group responded quickly and effectively to mitigate the impacts of COVID-19 and saw a positive client response.

Please refer to our COVID-19 Statement for further details.

FINANCIAL OVERVIEW

The Group delivered revenues of €58.9m in the year ended 31 December 2020 (FY19: €63.8m), a decrease of 7.7% but with a 15.6% increase in adjusted EBITDA to €5.2m (FY19: €4.5m), and a decrease of 7.7% in operating profit to €1.2m (FY19: €1.3m). Our gross margins also improved with our average gross margin for 2020 at 29.9%, up from 23.5% in FY19. This increase in adjusted EBITDA and gross margin reflects the committed approach to improving efficiencies and our focus on cost reduction initiatives throughout the year. We ended the year with cash of €3.6m (FY19: €5.5m) and net debt of €11.8m, up from €8.2m in FY19.

This represents a commendable performance which has been delivered in the most extraordinary trading environment that the Group has ever experienced, with its operations impacted by differing lockdown and travel restrictions across Europe and the US throughout the year.

Overall, demand for the Group's specialist services remained strong with some owners using the travel restrictions as an opportunity to complete maintenance work during the, normally quieter, summer months. However, as per previous guidance, some Q4 projects were delayed into Q1 2021 with an associated deferral in revenues, which will therefore benefit future periods.



DIVISIONAL REVIEW

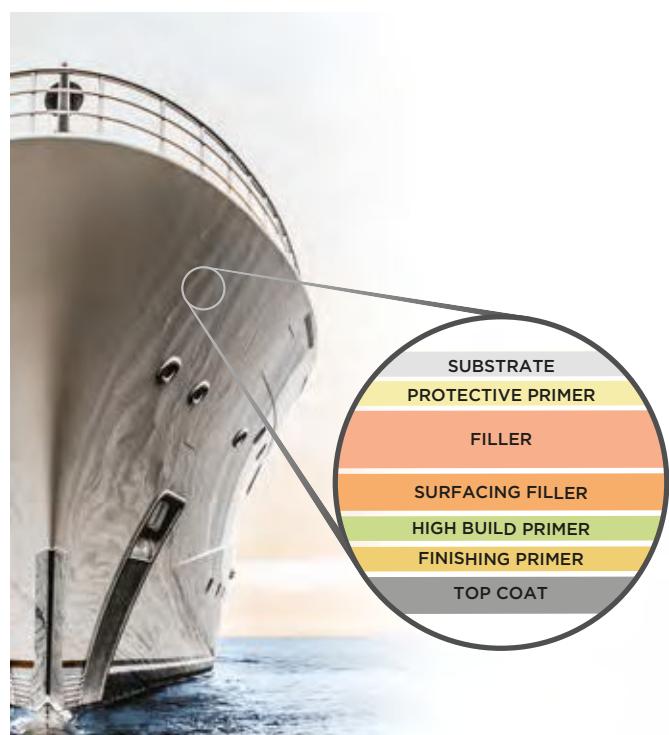
GYG's activities are segmented between two divisions, Coatings and Supply. For the year ended 31 December 2020 the Coatings division delivered revenues of €50.8m (FY19: €53.7m), a reduction of 5.4%, but an 11.1% increase in adjusted EBITDA to €4.0m (FY19: €3.6m). The Supply division delivered a 19.8% reduction in revenues to €8.1m (FY19: €10.1m) and a 22.2% increase in adjusted EBITDA to €1.1m (FY19: €0.9m).

COATINGS DIVISION

The Group's Coatings division operates under the 40-year-old Pinmar brand and works globally across two segments of the superyacht market, namely New Build and Refit. With a long and well-respected history, Pinmar is recognised as the market-leading brand in superyacht painting with a reputation for premium quality having completed the fairing and finishing on many of the world's most prestigious superyachts.

A typical New Build project will involve the Group fairing and painting a new superyacht as part of the construction process. Starting with the bare substrate of steel or aluminium, specialist teams work in phases to smooth out any irregularities in the surface material and provide a solid base to build up the different layers of the paint system ready for the final visible topcoat. Each layer has distinct application and curing requirements and is crucial to the success of the overall system. The exterior finish of a superyacht is a key part of the construction process ensuring the physical integrity and performance of its hull and superstructure whilst being fundamental to the aesthetics of the finished yacht.

A full paint system is built up through many layers:



CHIEF EXECUTIVE'S REPORT

(CONTINUED)

The construction of a 100m New Build yacht would typically take 30 months up to delivery, with fairing and painting contributing a considerable amount of the overall project schedule at 10-12 months. The Group is typically engaged to provide a quote for a shipyard up to 2 years before the build is due to start, while the shipyard is still in the bidding process for the project. GYG services are traditionally contracted at the beginning of the build process, with the fairing phase commencing on average 12-16 months into the project. To that end, New Build projects typically offer a higher value, longer-term revenue stream for the Group in addition to future repeat revenues as potential Refit projects.

A Refit project can see the Group undertake a variety of activities including bespoke scaffolding and containment, hardware removal, caulking (sealing joints and seams against leakage) and repainting and finishing, which, if using GYG's advanced scaffolding system, can be done while the vessel is in the water as well as on a quayside or in a dry dock. Superyachts require a major Refit inspection and service every five years to comply with maritime, insurance and industry regulations. Consequently, owners often use these major service periods as an opportunity to repaint their superyachts due to significant cost savings and schedule synergies by combining such activities. Regular paint work is one of the highest single costs of yacht ownership, however it is critical to support the life of the yacht and to maintain an exceptional appearance, especially for those yachts in the fleet which undertake activity in the charter market.

The size and complexity of new superyachts continues to increase; in 2010 the average length of a Pinmar project was 54 metres, today it is close to 80 metres. This presents new challenges for paint applicators especially with respect to time and quality. In response to these challenges, the Group is always at the forefront of innovation and continually works with leading industry partners to introduce market leading technology into our processes such as electrostatic paint application, and ground-breaking new products such as the Awlgrip HDT range and most recently Awlgrip Awlfair Sprayable Filler, a product and application methodology that promises a step change in performance when filling and fairing New Build projects.

The Group's scaffolding brand, Technocraft, pioneered the development of yacht scaffold and containment systems within Europe. The advanced modular construction system allows for the entire scaffold structure to be supported by the yacht itself, removing the dependency on floating raft bases when conducting an in-water Refit, which in turn allows for much larger yachts to be repainted while remaining in the water. Offering this paint and scaffolding services as a turnkey solution is unique to GYG; Technocraft's ability to facilitate in-water refit enables the Group to work on considerably larger yachts and provides a competitive advantage when pitching and tendering for Refit projects. Technocraft services as part of a Group turnkey Refit solution contribute on average 15-20% to the total contract revenue.

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 Pinmar paint applications.

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 Pinmar Paint Standard 2.0 was launched in 2017 to 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.

The Group also offers a global warranty package of up to 24 months on New Build yachts and up to 18 months on Refit work with a unique geographic network of after-sale refit locations on both sides of the Atlantic. Our warranty packages are backed up by product manufacturers and are available with an optional coatings insurance policy which strengthens client confidence and reduces costs and reputational risk for shipyards. In conjunction with the Pinmar Paint Standard we are proud of our recognised high quality of work and have an exceptionally low warranty claims history.

The Group's ability to provide all the above services results in its uniquely placed position to offer a complete turnkey solution across all of our major global hubs. This provides undeniable benefits for the client.

NEW BUILD

The Group enjoyed a significant increase in its market share of the higher value New Build segment in 2020 as a direct result of management's successful strategy in 2018 to develop relationships directly with the leading New Build shipyards in Northern Europe and has achieved preferred supplier relationships with a large number of targeted yards.

GYG's geographical New Build market share grows depending on the propensity of shipyards within a given region to focus on large custom projects. Our independent market research estimates that between 2018 and 2022, the German New Build market is projected to deliver 21 projects, with GYG holding a 19.0% market share. When one considers the Dutch market, which has a far more diverse product offering including the full spectrum of sizes, GYG's market share accounts for 5.7% of the 87 projects delivered. When expressed by size ranges rather than geographical regions, GYG holds an estimated 8.9% market share in the 70-90m segment and 24.0% for 90m+ projects delivered or in build between 2018 and 2022.

During 2020, the Coatings division was active on an unprecedented eight New Build projects across Northern Europe, five of which were yachts between 70 metres and 100 metres and three 100 metre+. This record level of New Build work delivered revenues of €13.3m, an increase of 18.8% over 2019 (FY19: €11.2m). Five of these projects have continued into 2021, including the major New Build contract signed in H1 2020 for an 80+ metre yacht in a shipyard new to the Group. In Q2 2021, we will commence work on the previously announced 100+ metre New Build yacht in Europe.

There is plenty of headroom for continued growth both within the shipyards that the Group currently serves and through developing further new relationships with other leading yards. We have successfully recruited the middle management required to sustain an increase in activity across these new yards. The Group has been invited to tender for an increased number of contracts since becoming a preferred paint partner contracted directly by the shipyards, which has resulted in a significant uplift in our win rate and delivered a stronger forward Order Book for New Build in 2021 and beyond, as detailed below.

REFIT

The strong sales momentum in Refit from 2019 continued into 2020 with the signing of several major new Refit contracts across our European operational bases.

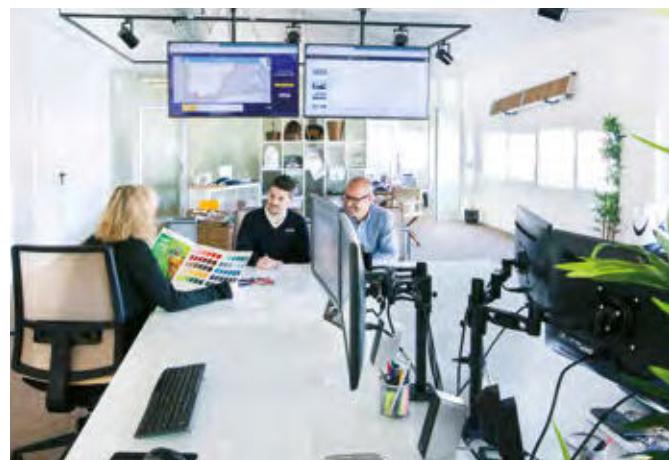
On 22 October 2020, we announced the signing of a major Refit contract for a 115+ metre yacht in Germany with works started in Q4 2020 and due to complete in H1 2021. This is the Group's largest turnkey project to date where it will provide a number of Refit services including bespoke scaffolding using our unique Technocraft modular system, hardware removal, caulking and complete repainting. The project consisted of 646 tonnes of scaffolding: 531 tonnes for the main structure and an extra 115 tonnes for the roof. We used a unique hard roof rather than a plastic containment, reducing any chances of weather-related impacts or damages. The scale and timeline of this project highlights the Group's ability to deploy its unique turnkey solution efficiently and at scale across Europe.

On 10 December 2020, we announced the signing of a turnkey Refit contract for a 100+ metre yacht scheduled to commence in Europe in 2022. Not only does this repeat business demonstrate our client's satisfaction for the level of service we provide, including the efficient deployment of our unique turnkey solution, but also by signing contracts for work commencing in 2022 it highlights their confidence in the outlook for the industry, further improving management's forward visibility of the Order Book.

The Group generated Refit revenues of €37.4m in 2020, a decrease of 12% against 2019 (FY19: €42.5m). Uncertainty around freedom of movement due to COVID-19 restrictions impacted the normal Mediterranean cruising patterns and led to an increase in Refit work over the summer months, which are traditionally quieter periods for Refit. However, this increase in activity was mitigated by several projects being delayed from Q4 into Q1 2021, with an associated deferral in revenues to be recognised in future periods.

Having a strong, consistent and visible Order Book for Refit, which is consistently growing through repeat business from clients, enables the operations department to plan and control manpower, materials and equipment much more efficiently. As crew members and management teams work across new yachts, this promotes our services to new clients and similarly, as Captains move to new vessels, this too acts as a likely new business stream as they remain loyal to the premium GYG service. With better in-house intelligence afforded to us by the CRM system we can track the vessels in the active superyacht fleet which are approaching the window for Refit work as part of their 5-year maintenance cycle. This allows the commercial department to proactively engage with clients much earlier in the bidding process.

Concentrated efforts to improve the resource utilisation, materials management and information systems made since 2019 are evident in the improved adjusted EBITDA and gross margins recognised in 2020. Several new working practices have been introduced such as setting challenging man-hour budgets using new chronograms and monitoring the project efficiencies weekly to check that stated objectives are being achieved with the manpower stretch. In conjunction with the stretch, we have implemented a stringent manpower planning program. We also move labour from project to project in a very proactive way, reducing downtime so less overall labour is needed each month resulting in significant improvements in efficiency.



SUPPLY DIVISION

2020 was a challenging year for the Supply division, with turnover decreasing by 19.8% to €8.1m (FY19: €10.1m), reflecting the global challenges faced across the retail sector due to the strict COVID-19 restrictions.

During these unprecedented times, similar to all retail outlets, all Pinmar Yacht Supply shops had to completely close for two weeks in April and trading was disrupted for a further two months by only being allowed to operate as click & collect outlets. As such, the Group witnessed a shift from traditional retail and ad hoc purchasing to the adoption of more strategic buying practices, supported by digital communications and transactions. Like most businesses, superyachts are streamlining their supply chain by selecting key suppliers who can provide them a fast, efficient and personalised service, with direct delivery to the yacht's current or future location. These practices have remained in place after the easing of restrictions, as the advantages became clear to captains, pursers, and fleet procurement managers.

In direct response to this, the Group announced the re-positioning of Pinmar Yacht Supply during 2020 to the superyacht market with a new leadership team, new branding, and better presentation of our retail facilities. The division's focus on direct yacht sales while reducing retail space and consolidating our product lines has seen very positive results. The new Pinmar Yacht Supply branding is now carried across digital media, shops, retail partners, distribution centres and the delivery fleet.

CHIEF EXECUTIVE'S REPORT

(CONTINUED)

Pinmar Yacht Supply's flagship superyacht retail store inside the MB92 Barcelona yard has undergone a major refresh which enhances the experience for yacht crews. The Mallorca retail stores in Palma and the STP shipyard also underwent substantial improvements to create a better experience for clients and to provide facilities for Pinmar Yacht Supply account managers to meet with superyacht captains and crew to discuss current and future purchasing requirements. The retail stores will continue to service the daily chandlery needs of yachts in Refit, carrying a focused range of key marine brands offering products including paints and varnishes, cleaning consumables and deck maintenance materials and tools.

Through intelligence sharing on our in-house CRM platform and the integration of the supply services into the sales process of the Coatings division, the Group can provide its customers with ongoing expert product knowledge and advice to secure future supply orders.

The trade business continues to benefit from improvements in account management and business development. A consolidation of warehousing capacity, coupled with organisational changes to purchase and supply chain management, have led to efficiency gains and cost reductions together with improvements in stock management and logistics reflected in the increase in adjusted EBITDA to €1.2m (FY19: €0.9m). We are seeing benefits such as reducing our high stock levels, clearing obsolete stock, and having better efficiency when supplying large orders across a sustained period and reclaiming unused materials from large projects.

We remain optimistic about the prospects for this division in 2021 and beyond as retail adjusts to the new normal and we take advantage of the new strategy with a focus on commercial improvement and delivering value to our customers, with a new leadership team focusing on the servicing of superyachts' purchasing requirements.

OPERATIONAL REVIEW

The implementation of process and system improvements, including IT infrastructure, during 2019 provided a solid foundation to deliver further operational efficiencies in 2020, which has been reflected in our improved adjusted EBITDA margin.

Greater visibility in the Order Book and rigorous monitoring of manpower and asset utilisation rates has improved performance. Manpower is single highest cost in any contract and the area where management see most ability to improve efficiencies. The rigorous focus on manpower ratios constitutes one of the key drivers behind margin improvement. The Board has seen the benefits of these programmes continue in the first few months of 2021.

In September 2020, the Group signed an exclusive distribution agreement with ALTRAD plettac asso GmbH ("Plettac") to distribute its specialised scaffolding equipment in the USA. This is a significant opportunity for the Group to offer this cutting-edge equipment into one of the world's largest markets, clearly differentiating GYG from other providers in the US, enabling the Group to work on larger yachts and provide its turnkey solution in the US. The scaffolding material arrived in the US at the beginning of the calendar year 2021 and is being used on two projects so far with a good reaction from the shipyards, who are keen to see further roll out of this scaffolding in the future.

GYG continues to develop its human resources function through a combination of structured in-house training programmes and strategic recruitment. We are continuing to strengthen the management team introducing a mix of industry experience and related business expertise and remain comfortable with workload capacity at this current time.

Our IT team continues to work on a programme of system developments to automate business processes, consolidate legacy systems and provide better management information leading to improvements in operational planning and control. The significant upgrade of our core IT infrastructure in 2019 and an investment in video conferencing equipment allowed us to restructure our working practices to minimise the effects of remote working and considerably reduce travel expenditure.

We have successfully adapted our operational model in response to the lessons learnt during the COVID-19 pandemic and continue our ongoing programmes to improve our business processes, systems and infrastructure to support growth and increase the efficiency of the Group.

ENVIRONMENT AND SUSTAINABILITY

During the various lockdowns seen across the world in 2020 it became strikingly apparent the damage being done to our planet, simply by living our daily lives. Whilst large parts of the world were restricted to their homes, we saw wildlife return in huge numbers and a noticeable reduction in pollution levels across all metrics. There is now a real focus on preserving our environment and we are supportive of a sustainability movement in the yachting industry.

The Group has in place an Environmental Management System certified by Lloyds Register following ISO 14001:2015 international standards. We currently have many in-house projects underway to reduce our impact on the environment, with the most recent initiative focusing on replacing all fluorescent and sodium vapour lamps with LED lighting. We refresh our fleet of company vehicles when possible to modern, low emission models, and our paint facility in Palma has switched energy suppliers to one with a 100% certified renewable origin.

We partner with paint manufacturers, equipment manufacturers, and suppliers who are working to improve the industry's attitude to the environment, and our Supply division has responded to customer demand to stock eco-friendly solutions by launching a new refill station with a range of 'green' day-to-day cleaning products from a key supplier, promoting both ecological products and a reduction in single use plastics. We continue to champion innovative technical solutions such as electrostatic paint application, which offers a 60% improvement in paint-transfer efficiency and significantly reduces the potential environmental impact of overspray.

GYG is part of several local business clusters with other key players in the yachting industry across its operations. The cluster based around the La Ciotat Shipyard in France is working to make the shipyard more sustainable through several projects including shared water treatment and waste recycling. Working with our partners at MB92 Group, we are collaborating on two trial projects to further improve our existing extraction and filtration systems with an additional dust chamber to capture any left-over toxic gases. If the trials prove successful, then all future projects at MB92 facilities will employ this method.



As always, we want to be at the forefront of the industry, and we will embrace any positive changes that reduce the Group and wider industry's impact on the environment.

MARKET DEVELOPMENTS

According to data provided by our independent market research in the pre-pandemic environment, 2020 was scheduled to be the most productive year in terms of 40m+ New Build deliveries since 2011 and the equal fourth most productive New Build year in history, while the Refit market expected c.350 yachts to require paint work as part of their 5-year cycle. The reality, however, proved to be very different as significant delays hit the manufacturing process across Europe and labour movement was severely restricted due to health and safety protocols in each country. With that said, the market proved to be far more resilient than historical precedent would have suggested.

In any given year, it is to be expected that the New Build market will fail to deliver around 20% of the projects that were forecast by the builders themselves, as project schedules shift and 'speculation' builds are paused awaiting a buyer. This is based on historical performance and is a robust hypothesis. As such, even without the impact of the pandemic, it is likely that the delivery figures for 2020 would have been closer to 70 units, which is in line with historical precedent and indicative of the market's stability.

In 2020, a total of 54 40m+ superyachts were delivered, a 37.9% decrease from its predicted figure as a direct result of the impact of the pandemic. However, when one compares this to the more realistic figure of 70, a decrease in performance of 22.8% suggests that the market performed surprisingly well in these unprecedented conditions.

As the market recovers, our latest research forecasts a spike in cumulative New Build output in 2021 caused chiefly by the number of delayed project deliveries as a result of the pandemic. The Order Book for deliveries scheduled up to 2025 averages 65

units per annum, a slight increase on the previous five-year average of 63.4. The number of yachts due for Refit paintwork is projected to grow from 2020 to 2025 by an average of 17.7%, with the larger size 70-90m and 90m+ segments (GYG's sweet spot) expected to see the most growth over this time, with 32.0% and 38.5% respectively.

GROWTH STRATEGY COATINGS

We continue to see positive results from our New Build strategy and are confident that our focus on securing preferred supplier status within the key Northern European shipyards remains critical to delivering long-term growth. These yards represent the premium segment of the 70m+ superyacht New Build market and are the most suited to GYG's high quality and technically advanced fairing and painting services, especially as the complexity of ships under construction increases. We have made very good progress in securing preferred supplier relationships with targeted yards that value disciplined project management, high-capacity ability, deliverability, and premium quality craftsmanship. The Group has achieved a significant increase in its market share of this premium market segment with plenty of headroom for continued growth both within the yards it currently serves and through developing targeted new relationships with other leading shipbuilders.

We remain closely aligned to our key Refit shipyard partners and continue to invest in our own facilities and resources to complement the growth at our strategic locations, in line with the ever-growing superyacht fleet and their increasingly demanding Refit programmes. Our Refit strategy of promoting turnkey solutions across our geographic locations utilising our entire portfolio of services is proving attractive to large superyachts, especially those working to tight Refit schedules, who will benefit from the streamlined workflow, efficient decision making, and coordinated after-service and global warranty afforded by our offering.

CHIEF EXECUTIVE'S REPORT

(CONTINUED)

Our strong relationships with the major fleet management companies continues to evolve as we see an increasing number of our target yachts coming under professional management. Again, our strategy to offer an integrated repair and supply solution to the large managed fleets provides management companies with a unique proposition and integrated solution.

INNOVATION

Technical innovation lies at the heart of GYG's offering, and the Group continues to innovate and invest in new application technology and training, leveraging its strong relationship with all the main superyacht paint manufacturers. Remaining at the forefront of application technology and quality standards is a key pillar of GYG's unique proposition, particularly to the New Build market.

In 2020, the Group partnered with AkzoNobel, the market leading yacht coatings specialist, to develop and trial the optimal application methodology for its revolutionary new sprayable filler product, Awlgrip Awlfair SF. This advanced new superyacht fairing product, which has been in the development stage for over five years, is applied by pressurised airless spray rather than by hand, which allows for wet-on-wet application and up to two coatings per day without the need for sanding between coats. The spray application also eliminates air pockets, resulting in reduced reworking and improved aesthetics.

This new product marks a significant development for paint applicators as it will provide a step change to the quality of the fairing and will maximise the speed and efficiency of the application process, significantly cutting project lengths. The Group was pleased to announce in December 2020 that this revolutionary technology will be used on two of the Group's New Build projects one of which being M/Y Black Shark, which is being built by the Nobiskrug shipyard in Germany. It is a result of this continued focus on innovation both internally and with industry leading partners which further differentiates GYG, setting it apart from others in the sector.

The Group is also looking to take advantage of the knowledge gained from its extensive experience utilising the electrostatic method for applying topcoat paints. By implementing this application technique during the earlier primer phases of the paint system, which are still applied using the conventional spray method, the benefits of materials savings, improved working conditions, a smoother application and a reduced environmental impact that come from electrostatic application can be realised further into the paint process.

SUPPLY

Our growth plan for the Supply division centres around the recent realignment of Pinmar Yacht Supply's brand and strategy, with greater focus on servicing the evolving purchasing needs of superyachts and extending our service proposition beyond our physical locations so we can capture a greater share of their annual spend.

A key part of the strategy is the collaboration of the Group's Supply division with its Coatings division, with the commercial teams taking a larger role in offering supply services to yachts under refit.

The Group continues to explore potential acquisition opportunities to enable expansion into new markets geographically or into new products and services that complement the Group's existing operations. The current environment looks favourable to identify earnings enhancing growth opportunities across the Group.

CURRENT TRADING AND OUTLOOK

I am delighted that the Group has delivered such a commendable 2020 performance in the most extraordinary trading environment that GYG has ever experienced.

Despite these challenges, the Group has experienced a strong start to 2021 with Q1 revenues 21% ahead of Q1 2020. Yacht owners are keen to return to a more normal cruising/charter season in 2021 and are taking a 'prepare now, enjoy later' approach which has led to a high number of Refit contracts in Q1, which we expect will continue into Q2. In addition, the market fundamentals remain strong and our record Order Book provides better visibility, facilitates efficient planning, and gives us confidence for further market share gains in the year ahead.

The Total Order Book at 31 March 2021 stands at €41.1m which is 15% ahead of the same point in the prior year (31 March 2020: €35.6m). The Order Book for 2021 is currently €24.5m which is a 41% increase when compared to 31 March 2020 Order Book of €17.4m.

Order Book at:	Total Order Book	Current Year	Forward Order Book*
31 March 2019	€38.8m	€16.7m	€22.1m
31 March 2020	€35.6m	€17.4m	€18.3m
31 March 2021	€41.1m	€24.5m	€16.6m

* Forward Order Book represents orders scheduled for completion in 2022 onwards

Looking ahead, as previously reported, we have seen a significant uplift in the volume of New Build contracts won by the Group, in addition to the expected flow of Refit projects. These larger, higher value New Build contracts provide further evidence of the Group's growing market share and will bring a greater degree of revenue visibility as well as being a driver for medium-term growth.

The Group has successfully implemented adjustments to its operating protocols enabling it to continue production safely and efficiently in the new paradigm. It has emerged from a difficult 2020 with solid momentum and is well placed to fulfil its strong Order Book and deliver sustainable long-term growth.

Remy Millott
Chief Executive Officer

23 April 2021



FINANCIAL REVIEW

FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL PERFORMANCE

Year ended 31 December 2020	Coatings '000	Supply '000	Total reportable segments '000
Revenue	50,760	8,138	58,898
Adjusted EBITDA	4,216	1,181	5,163

Year ended 31 December 2019	Coatings '000	Supply '000	Total reportable segments '000
Revenue	53,718	10,109	63,827
Adjusted EBITDA	3,628	880	4,508

Revenue in the year ended 31 December 2020 decreased 7.7% to €58.9m (FY19: €63.8m). This was driven by a 5.4% decrease in turnover in the Coatings division and a 19.8% decrease in the Supply Division. Having started 2020 with the strongest Order Book in the Group's history, the decrease in revenue reflects the impact of COVID pandemic on Group trading. Within Coatings, no contracts were lost or cancelled due to the pandemic but a number of projects suffered delay in completion and a number of new projects started later than originally scheduled. In Supply, trading was restricted when the lockdowns which occurred in Spain during the early stage of the pandemic forced the closure of the Group's retail outlets and our ability to deliver products directly to customers was limited by restrictions in the haulage sector.

As a result of increased operating efficiencies and the decrease in revenue, operating costs (not including exceptional items, impairment, performance share plan costs, depreciation and amortisation), decreased by 7.8% from €62.6m in FY19 to €57.7m in FY20. The Group's operating margins began improving in 2019 and this improvement continued throughout 2020, resulting in:

- an operating profit of €1.2m in the year (FY19: €1.3m);
- an adjusted EBITDA of €5.2m (FY19: €4.5m); and
- a net profit, excluding exceptional items, impairment and performance share plan costs, for the year of €1.4m (FY19: €1.1m).

The exceptional items of €1.0m in the year (FY19: €0.3m) related principally to additional costs incurred directly as a result of the pandemic. These costs are described in greater detail in the Covid Report. Additionally, there were some restructuring costs as part of a cost saving plan. These arose as the Group reorganised parts of its operations in response to the pandemic and to ensure that the Group was more resilient post pandemic.

Financial expenses of €1.1m in the year (FY19: €0.8m) mainly related to interest on the syndicated loan signed in March 2016, various working capital facilities, finance leases and foreign exchange rate.

EARNINGS PER SHARE AND DIVIDENDS

Net profit for the year was €0.3m (2019: €0.7m). Profit per share was €0.00 (FY19: €0.02 per share) and adjusted basic profit per share was €0.07 (FY19: €0.06).

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.

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

FINANCIAL POSITION

Cash and cash equivalents totalled €3.6m at 31 December 2020 compared to €5.5m as at 31 December 2019. The decrease year on year was driven principally by the delay to revenues from 2020 into 2021 and the increased pressure on working capital amongst clients and suppliers. As a result, the net debt as at 31 December 2020 was €11.8m, compared to €8.2m as at 31 December 2019.

Total net assets on the balance sheet were €13.6m as at 31 December 2020, compared to €13.3m as at 31 December 2019.

	Year ended 31 December 2020	Year ended 31 December 2019
Earnings for the period attributable to shareholders (€000)	252	753
Weighted average number of shares	46,640,000	46,640,000
Basic earnings per share (€)	0.00	0.02
Adjusted basic earnings per share (€)	0.07	0.06
Dilutive weighted average number of shares	47,987,728	47,777,975
Diluted earnings per share (€)	0.00	0.02
Adjusted diluted earnings per share (€)	0.07	0.06

The Board believed it was in the best interest of the Company not to pay a dividend in relation to FY20, however, it is the Board's intention to return to the dividend list at the earliest appropriate opportunity.

SUBSEQUENT EVENTS

On 12 April 2021, the Group was informed that Nobiskrug shipyard in Germany, where it was working on three projects, had entered into an insolvency process to allow it to restructure itself. The Group's existing financial exposure to this yard at the time of this announcement was €2.8 million (excluding VAT). Subsequent discussions with the ultimate owners of the projects in this yard lead the Directors to remain confident that the projects will all be completed and most, if not all, of the outstanding amount will be recovered in due course. That having been said, there is a material risk that the Group may need to write off some part of this balance.

CASH FLOW

Net cash from operating activities was (€0.1m) for the year (FY19: positive €2.9m). Net cash used in investing activities was €3.4m for the year (FY19: €0.7m). Net cash used in financing activities was €1.6m for the year (FY19: negative €1.8m) mainly corresponding to the repayment of existing borrowings, finance leases and proceeds from new bank borrowings.

Overall net cash inflow for the year was €1.9m compared to €0.5m for FY19.

FINANCIAL OUTLOOK

As set out in the Chief Executive's Report, the Directors are confident about the Group's prospects going forward. That having been said, the uncertainty surrounding the future evolution of the COVID pandemic is significant and is discussed in detail in the notes to the accounts. For this reason, the audit

opinion in the 2020 accounts contains an emphasis of matter in respect of going concern as relates to change of ownership risk and severe but plausible downside risk although the audit opinion will remain unqualified.

In March 2021, the Group amended its borrowing facilities with its existing lenders. Under the terms of the amended agreement, Facility B, which was due to be repaid in March 2021, is now repayable in four tranches of €1.0 million starting in June 2021 and ending in December 2022. Facility A was repaid in early April 2021. As part of the amendment, an additional €1.0 million of revolving credit, factoring and discounting facilities were made available to the Group.

As things stand today, the Directors are confident of the Group's ability to trade successfully through this going forward but, like all businesses, we are operating in a rapidly changing environment with a material element of unknown risk.

KEVIN MCNAIR
Chief Financial Officer

23 April 2021

KEY PERFORMANCE INDICATORS ("KPIs")

KPI	31/12/2020	31/12/2019
Revenue	€58.9m	€63.8m
Gross margin	29.9%	23.5%
Adjusted EBITDA profit/(loss)	€5.1m	€4.5m
Adjusted EBITDA margin	8.7%	7.1%
Operating profit	€1.2m	€1.3m
External net debt	€11.8m	€8.2m
Order Book	€52.9m	€44.4m
Cash	€3.6m	€5.5m
Net Assets	€13.6m	€13.3m
Average number of employees	395	390

Despite the decrease in revenue during the period, the Group's profitability improved as a result of increased operating efficiency. The Directors believe this trend will continue in the future.

RISK MANAGEMENT AND PRINCIPAL RISKS

CATEGORY	RISK	DESCRIPTION	MITIGATION
COMMERCIAL	Business and competitive environment	<ul style="list-style-type: none"> The Group operates in a competitive environment and may not be able to sustain its current market positions if it fails to compete successfully. A substantial portion of our revenues are generated from our recurring customers and the loss of any of these would adversely affect the Group. Refit still represents the main key segment for the Group, introducing cyclical in the Group's business. A correct balance between New Build, Supply and Refit would help to reduce this adverse impact of the refit cyclical. 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. 	<ul style="list-style-type: none"> Ensure continuous high-level quality standards in all services and products. Programme to improve the effectiveness of our projects and ensure that we optimise the performance of our current production capacity. Continuous market analysis to detect new opportunities. Increase the number and location of key customers. Continue establishing long term relationships with our clients.
REPUTATIONAL	Reputational risk	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Compliance in all regulatory matters. Ensure high level quality in all services and products. A properly conceived and adequately resourced communication and branding policy.
HUMAN RESOURCES	Key person dependency	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Executive Directors are significant shareholders in the Company and have a vested interest in ensuring its continued success. Succession planning is in place for senior positions. 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.
OPERATIONS	Adverse weather and changes in pattern cruises	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Analysis of weather forecasts. In case of adverse weather, relocating the work as a consequence of the different locations in which the Group operates and/or evaluate potential changes in the expected starting/completion dates.

CATEGORY	RISK	DESCRIPTION	MITIGATION
OPERATIONAL	Coronavirus (COVID-19)	<ul style="list-style-type: none"> The impact of the virus pandemic on operations across the Group. 	<ul style="list-style-type: none"> Having reviewed the impact of the global and local responses to the virus, the principal risk is that potential travel restrictions imposed by either national governments or specific shipyards or the suspension of operations at specific shipyards cause significant delays in the Group's ability to start, progress or complete projects. The Group is working with individual shipyards to monitor the situation and develop response plans. The Group has also communicated to employees new procedures to minimise the spread of the virus. In light of the containment measures both mandated and recommended by various public authorities in response to the Coronavirus pandemic, GYG has activated a contingency plan for the health and safety of our staff whilst also taking precautions to continue working with our customers and partners. As a precaution, we are limiting both domestic and international travel to essential or necessary client visits but all clients and partners continued to be well informed at a local level of any specific impacts.
FINANCE	Debt Management	<ul style="list-style-type: none"> Financial capacity to handle acquisitions and growth opportunities. The Group must ensure that it has an adequate level of facilities to provide sufficient funding to operate its businesses. Inability to meet financial commitments. 	<ul style="list-style-type: none"> Regular cash flow forecasts are prepared and reviewed. The financial reporting model used to manage the cash flow includes the analysis and follow-up of financial covenants. The levels of drawn and undrawn facilities are permanently reviewed and the headroom of the available banking facilities and covenant position are also reviewed and discussed at Board level on a monthly basis.
FINANCE	Impairment	<ul style="list-style-type: none"> The future expected cashflows to be generated by the Group's assets, either intangible or financial, fail to materialise or financial, fail to materialise. 	<ul style="list-style-type: none"> With regards to intangible assets, Management regularly reviews forecasts of the expected performance of each cash generating unit (CGU). To the extent that those forecasted cashflows do not justify the value of the associated intangible asset, an impairment charge is taken to recognise the loss of carrying value of the asset. With regard to financial assets, Management regularly reviews the recoverability of those assets. To the extent that Management conclude that they will not be able to recover the full value of those assets, an impairment charge is taken to recognise the loss of carrying value of the asset.
FINANCE	International taxation	<ul style="list-style-type: none"> Individual countries can either increase or decrease their rates of corporation tax and other local taxes which may have a material impact on the profitability and cashflow of the Group. 	<ul style="list-style-type: none"> The Group regularly reviews specific rates of taxation in the countries where it operates. To the extent that it is commercially practical, Management will try to locate commercial operations in localities which have the most beneficial tax regimes.

RISK MANAGEMENT AND PRINCIPAL RISKS (CONTINUED)

CATEGORY	RISK	DESCRIPTION	MITIGATION
FINANCE	Brexit	<ul style="list-style-type: none"> The UK's withdrawal from the European Union (Brexit) and the potential impact this may have upon the business, in particular in the event of an unfavourable outcome in respect of any future agreements between the UK and EU. 	<ul style="list-style-type: none"> Having reviewed the various potential areas of the Group's business that could be impacted by Brexit, Management have concluded that is unlikely to have any material effect on the Group's operations or its profitability. This analysis is based on the following: <ul style="list-style-type: none"> The Group's functional and reporting currency is the Euro, and the Group's operations are mainly based in Spain, Germany, the Netherlands, France and USA, although it occasionally carries out projects in the UK and Italy. The vast majority of the Group's revenues and costs are contracted and paid in Euros. The US business operates entirely in US dollars. All of the Group's lenders are EU institutions and almost all the banking indebtedness is Euro denominated (some non-relevant banking operations are USD denominated).

SECTION 172(1) STATEMENT

The Directors acknowledge their duty under s172 of the Companies Act 2006 and consider that they have, both individually and together, acted in the way that, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, they have had particular regard to:

- the likely consequences of any decision in the long term**

The Group's long-term strategic objectives, including progress made during the year, and principal risks to these objectives, are set out in the Chief Executive's Review on pages 12 to 18 and in the Risk Management and Principal Risks section on pages 22 to 24 respectively.

- the interests of the Company's employees**

Our employees are fundamental to us achieving our long-term strategic objectives, as more fully explained in Principle 3 of the Corporate Governance Statement on pages 33 and 34;

- the need to foster the Company's business relationships with suppliers, customer and others**

A consideration of our relationship with wider stakeholders and their impact on our long-term strategic objectives is also disclosed in Principle 3 of the Corporate Governance Statement on pages 33 and 34;

- the impact of the Company's operations on the community and the environment**

The Group operates honestly and transparently. We consider the impact on the environment on our day-to-day operations and how we can minimise this. Further disclosure on how we promote a corporate culture based on ethical values and behaviours is included in Principle 8 of the Corporate Governance Statement on page 37;

- the desirability of the Company maintaining a reputation for high standards of business conduct**

Our intention is to behave in a responsible manner, operating within the high standard of business conduct and good corporate governance. Not only is this covered in our Corporate Governance Statement on pages 32 to 38, but is also epitomised in our risk management framework on pages 22 to 24; and

- the need to act fairly as between members of the Company**

Our intention is to behave responsibly towards our shareholders and treat them fairly and equally, so that they too may benefit from the successful delivery of our strategic objectives.

The Strategic Report, comprising pages 10 to 25, has been approved by the Board and is signed by order of the Board by:

REMY MILLOTT
Chief Executive Officer

23 April 2021

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

Registered number: 10001363 (England & Wales)

COVID-19 REPORT

In Q1 of 2020, the COVID pandemic rapidly spread across Europe and the US. The Group developed a strategy for responding to the pandemic based on three pillars:

- Looking after the health and wellbeing of our staff;
- Working with our clients and suppliers to ensure that we were able to continue delivering high quality products and services in a challenging and dynamic environment; and
- Reshaping our business and reducing costs to give us the flexibility required to respond to the pandemic and rapidly changing commercial situation.

Each of the countries where we operate was impacted in different ways based on the timing and speed of the pandemic and the response of local government and the shipyards where we work. What was relatively consistent across all sites was the actions we took within each of the pillars.

HEALTH AND WELLBEING OF OUR STAFF

- Immediately implementing government regulations and guidelines with respect to sanitation, social distancing and travel restrictions
- Providing training on best practice as it evolved and personal protective equipment to all staff
- All staff who could realistically work from home did follow by an ongoing move back into the offices with new attendance patterns
- Regular communication with staff on safety protocols, changes in the structure and operations of the Group
- Access to testing facilities as well as physical and mental health support
- Recruiting additional Health & Safety staff to help protect staff both within our offices and within client environments

WORKING WITH OUR CLIENTS AND SUPPLIERS

- Working with clients and suppliers to implement new safety protocols and share best practice
- Rescheduling or adapting travel and production plans in response to the restrictions and social distancing requirements
- Addressing logistical challenges as airlines, ports and hauliers altered, reduced or suspended services
- In the supply division, moving away from a traditional retail model to a more flexible fulfilment model which could operate under the harshest lockdown restrictions

RESTRUCTURING AND COST REDUCTION

- Cost of living increases and bonuses for the period suspended
- Production and supply activities suspended in response to regulatory changes or client requirements
- Utilising, where available, COVID related government support programmes to maintain employment levels

- Investment projects delayed until greater clarity was possible in terms of the medium term impact
- Office and retail footprint reduced significantly
- Recruitment plans postponed until H2 2020

FINANCIAL IMPACT

Although the Directors are confident that the Group responded rapidly and effectively to the evolving pandemic, there were still material financial impacts on the Group during the period. GYG entered 2020 with the strongest Order Book in its history but the onset of the pandemic led to significant delays in ongoing projects and the starts of other projects were postponed and owners of vessels and shipyards responded in their own fashion. The Coatings division did not lose any contracts as a result but the Directors believe that between €4 million and €6 million of revenue shifted from 2020 into 2021.

On the cost side of the equation, the Group incurred significant additional costs as it responded to the pandemic and the changes in operating practices. Some of those costs were new or additional costs that were specifically related to COVID such as PCR testing, specialised cleaning services or additional PPE for all staff.

Other existing costs increased significantly due to new safety protocols. A good example of that is the requirement for us to move and house workers who were travelling on a socially distanced basis. Rather than moving four employees in a rental car from one country to another, we could only move two people per vehicle. At different times, we would have to quarantine our own staff or subcontractors for anywhere from five days to two weeks before they could enter certain countries or work in certain shipyards.

Lastly, there was a loss of efficiency in certain parts of the Group resulting from new safety practices. In many shipyards, our workers were required to have their temperatures taken each day before a shift started. Social distancing restricted the numbers of workers we could have within any enclosed environment at one time.

All in, the Directors believe that the total costs included in these three different categories come to approximately €1.5 million during the year. Of this figure, €0.8 million was included in exceptional items within the financial statements. The balance was treated as ordinary operating expenses for the year.

Moving forward, the Group is in a strong position to deal with the ongoing pandemic. Barring any unforeseen developments, the impact of COVID on the Group's financial results should not be significant. With advanced planning and careful management many of the costs incurred in 2020 can either be avoided or covered through revised contractual arrangements. The ongoing rollout of the various vaccines which are available will also hopefully reduce the impact of the pandemic on operations.

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 ultimately as 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. Stephen currently serves on several boards including Chairman of Ovo Group Limited, Chairman of London & Capital Ltd, Chairman of Elder Technologies Limited, Independent Director and Chair of the Audit and Risk Committee of The Business Growth Fund and Independent Director at Get Living London Ltd.

Stephen has previously served as Chairman of a number of UK and international businesses.

Stephen qualified as a Chartered Management Accountant in 1979.

Stephen is also 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 been in the yachting industry for nearly 40 years, having begun his offshore career in 1982, he quickly progressed, 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. In 2016 he also led the investment into the Group by Lonsdale the Private Equity Fund and the IPO in 2017.

Remy was appointed to the Board on 3 March 2016.



KEVIN MCNAIR
Chief Financial Officer

Kevin has more than 30 years' experience in financial management and capital markets. He has spent the past 20 years as finance director/chief financial officer of various publicly quoted and privately-owned businesses, most recently as interim CFO at Ebiquity plc. His previous roles have focused principally on project-based businesses similar to GYG. He also has extensive experience in mergers and acquisitions.

Kevin was appointed to the Board on 19 September 2019, having been the Group's Interim Chief Financial Officer since 11 March 2019.

SENIOR MANAGEMENT



RUPERT SAVAGE
Chief Commercial Officer

Rupert has over 30 years of yachting industry experience, 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, running the business on a day-to-day basis. He is now focused on the Group's commercial development and continues to be influential in the strategic growth of the business.

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 currently serves as a non-executive director of Odyssean Investment Trust PLC, is chair of trustees for the Willow Foundation, and is also a trustee of FareShare, the UK's national network of charitable food redistributors.

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.



PETER BROWN
Managing Director, USA

Peter has been involved in the Superyacht industry for over 37 years, having had a successful career at sea and 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. Peter headed up the expansion of Pinmar into the New Build sector in Germany in 2005, after which he took over Pinmar USA as Managing Director. As Peter continues to run the US business and its expansion, he also supports the Group on special projects using his deep experience of the yachting industry.

DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements for the year ended 31 December 2020. The Corporate Governance Statement on pages 32 to 38 also forms part of this Directors' Report.

GENERAL INFORMATION AND PRINCIPAL ACTIVITIES

GYG plc is a public limited company incorporated in the United Kingdom, registered number 10001363, which is listed on the AIM market of London Stock Exchange plc. 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 US.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The Chairman's Statement on pages 10 and 11, the Chief Executive Officer's Report on pages 12 to 18 and the Strategic Report on pages 10 to 25 provide a review of the business, the Group's trading for the year ended 31 December 2020, key performance indicators, risk and an indication of likely future developments in the business of the Group.

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.

The Board was encouraged by the positive momentum last year and, as stated in the Chairman's Statement on page 10. It is the Board's intention to return to the dividend list at the earliest appropriate opportunity, however, the Board believes it was in the best interest of the Company not to declare a dividend in 2020 as it continues to strengthen the balance sheet and expand the scale of its activities.

DIRECTORS

The Directors of the Company who served during the year ended 31 December 2020, and up to the date of signing of this report, were:

Director	Executive Director	Non-Executive Director	Independent
Stephen Murphy		•	•
Remy Millott	•		
Kevin McNair	•		
Rupert Savage	•		
Richard King		•	•

The brief biographical details of the Directors are given on pages 26 and 27.

ELECTION OF DIRECTORS

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.

The Company's articles of association state that all Directors are subject to election by shareholders at the first annual general meeting following their appointment by the Board. 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. Accordingly, as both Remy Millott and Rupert Savage were last appointed at the 2018 annual general meeting both will retire and, being eligible, will offer themselves for re-election at the 2021 annual general meeting.

DIRECTORS' INTERESTS

The Directors' interests in the Company's shares and options over ordinary shares are shown in the Directors' Remuneration Report on page 45.

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

DIRECTORS' REMUNERATION

Details of the Directors' remuneration appear in the Directors' Remuneration Report on pages 43 to 46.

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.

STATEMENT OF ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS IN A BUSINESS RELATIONSHIP WITH THE GROUP

The Directors are mindful of their statutory duty to act in a way they each consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, as set out in the s172(1) statement on page 24. A review of the Group's approach to developing and maintaining relationships with its wider stakeholders, and the impact on the Group's long-term strategic objectives, is set out under Principle 3 of the Corporate Governance Statement on pages 33 and 34.

STREAMLINED ENERGY AND CARBON REPORTING ("SECR")

The Group's UK energy and carbon information is not disclosed under the SECR regulations as the Company and its UK subsidiary qualify as low energy users in the UK, having consumed less than 40MWh during the reporting period.

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 has historically organised and facilitated The Pinmar Golf annual fundraising event. The last such event took place in 2019 and the remaining funds raised by that event were distributed during 2020 to beneficiaries through The Pinmar Golf Charity Fund, further details of which may be found on page 33.

FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Group's financial risk management policy is set out in note 24 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 20 to the financial statements.

As at 31 December 2020, the Company had 46,640,000 fully paid ordinary shares in issue, of which 24,500 ordinary shares were held in treasury by the Company.

TREASURY SHARES

As the Company has only one class of share in issue, it may hold a maximum of 10% of its issued share capital in treasury. As at 31 December 2020, 0.05% of the Company's shares were held in treasury. Legislation restricts the exercise of rights on ordinary shares held in treasury. The Company is, therefore, not permitted to exercise voting rights conferred by the shares whilst they are held in treasury, and it is also prohibited from paying any dividend or making any distribution of assets on treasury shares. Once in treasury, shares can only be sold for cash, transferred to an employee share scheme or cancelled. During the 2020 financial year, no shares were transferred out of treasury.

MAJOR INTERESTS

As at 23 April 2021, being the latest practicable date 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 total voting rights*
Lombard Odier Asset Management (Europe) Limited**	12,210,550	26.19%
Harwood Capital	9,557,539	20.51%
Close Brothers Asset Management	4,898,493	10.50%
Remy Millott	3,270,863	7.01%
Rupert Savage	2,716,981	5.83%
Peter Brown	1,965,975	4.22%
InterTrader Limited***	1,870,333	4.01%
Société Générale SA (SG SA)	1,864,333	4.00%

* Percentages are shown as a percentage of the Company's total voting rights as at the date the Company was notified of the change in holding

** Disclosure on behalf of accounts managed on a discretionary basis by Lombard Odier Investment Managers group.

*** Disclosed as an interest via CFD.

WARRANTS AND SHARE OPTIONS

As anticipated in the Admission Document published in June 2017, the Company granted a warrant to its then Nominated Adviser, 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 23 to the financial statements.

As at 23 April 2021 (being the latest practicable date before the publication of this document), options to subscribe for shares under the GYG Performance Share Plan 2019 and 2020 were outstanding which entitle their holders to acquire 816,587 ordinary shares of £0.002 per share.

PURCHASE OF OWN SHARES BY THE COMPANY

The Company was authorised at the 2020 annual general meeting to purchase its own shares, within certain limits and as permitted by the articles of association. A renewal of this authority will be proposed at the 2021 annual general meeting. During 2020, the Company purchased 24,500 shares to be held in treasury for a total amount of £16,280. The number of shares held in treasury at 31 December 2020 was 24,500 (2019: nil), and it is anticipated that these shares will principally be used to satisfy awards under the Company's employee share incentive scheme.

CHANGE OF CONTROL

The Group's banking arrangements are subject to a change of control clause which would require the immediate repayment of the borrowing facilities unless the Group receives a waiver to this condition. Aside from that, the Group 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 on page 45.

GOING CONCERN

The Directors have reviewed the Group's cash flow and profit and loss forecasts, including a sensitivity analysis and a review of forecast compliance with loan covenants for the purposes of the going concern review. This process included an assessment of the expected impact of the COVID pandemic on those forecasts including unlikely but plausible significant downsides. This assessment has been reviewed extensively and will be updated regularly going forward. Management will continue to update their forecasts and take appropriate steps to manage covenant compliance.

In addition, the insolvency of Nobiskrug Shipyard, as referenced on page 21, increases the risk of revenue delays or cancellation and potential bad debt exposure. Depending on the outcome of the insolvency, these factors taken into account with a severe but plausible downside, could result in a breach of covenant that may not be mitigated by management actions. A breach of covenant is an event of default, and would require management to seek a waiver from the Group's lenders, renegotiate the facilities with those lenders or repay the group's existing lenders and seek sources of alternative funding.

Additionally, the Group has received an unsolicited approach from one of the Group's major shareholders. The notice indicated that the shareholder is in the preliminary stages of evaluating a possible offer for the entire issued share capital of the business. The Directors have assessed the possible offer which does not constitute a firm intention to make an offer, and have reviewed the potential impact on the Group's going concern assessment if the offer were to progress and complete before June 2022. The Group's main borrowing facility amounting to €4m, includes a change of ownership clause, and if the Group's ownership were to change this would require the Group to seek a waiver for this clause or to repay or refinance these borrowing facilities. If a refinancing were required, the facilities could be under different terms and conditions from the existing facilities.

These factors indicate the existence of material uncertainties which may cast significant doubt as to the Group's and parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and parent company were unable to continue as a going concern.

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP have indicated that they are willing to continue in office as the Group's auditor.

The auditor of a public company must be appointed at each general meeting at which accounts are laid. A resolution to re-appoint PricewaterhouseCoopers LLP as auditor to hold office until the conclusion of the next annual general meeting of the Company will be proposed at the annual general meeting to be held on 2 June 2021.

STATEMENT OF 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 is unaware, and each Director has taken all reasonable steps as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

EMPLOYMENT POLICIES

The Group's key operating businesses are empowered to manage within the context of the different legislative and social demands of the diverse countries in which those businesses operate. Within all the Group's businesses, the safe and effective performance of employees and the maintenance of positive employee relations are of fundamental importance. Managers are charged with ensuring that the following key principles are upheld:

- Adherence to national legal standards on employment and workplace rights at all times
- Continual promotion of safe and healthy working practices
- Provision of opportunities for employees to enhance their work related skills and capabilities
- Adoption of fair and appropriate procedures for determining terms and conditions of employment.



It is the Group's policy that people with disabilities should have full and fair consideration for all vacancies. Employment of disabled people is considered on merit and with regard only to the ability of any applicant to carry out the role. We endeavour to retain the employment of, and arrange suitable retraining, for any employees in the workforce who become disabled during their employment. Where possible we will adjust a person's working environment to enable them to stay in our employment.

The Group promotes an inclusive and diverse environment where every colleague is valued and respected for who they are, and has the opportunity to fulfil their potential. The Group is focused on providing a workplace where everyone can thrive and has introduced a number of Groupwide actions to encourage this. Further, the Group is committed to treating employees at all levels with respect and consideration, to investing in their development and to ensuring that their careers are not constrained by discrimination or arbitrary barriers.

2021 ANNUAL GENERAL MEETING

The 2021 annual general meeting of the Company will be held at Innovation House, 39 Mark Road, Hemel Hempstead, Hertfordshire HP2 7DN on 2 June 2021 at 11.30 am. The notice convening the annual general meeting (the "Notice") together with a summary of the business to be transacted is set out on pages 86 to 92 and is also available on the Company's website at www.gygplc.com.

Given the prevailing UK Government restrictions on public gatherings and travel in light of the COVID-19 pandemic as at 23 April 2021 (being the last practicable date prior to publication of this report), it is proposed that the annual general meeting

will be held with the minimum attendance required to form a quorum. Shareholders will not be permitted to attend the annual general meeting in person, but can be represented by the chairman of the meeting acting as their proxy.

The Company will, however, offer shareholders the option to watch and listen to the proceedings of the annual general meeting remotely via a Zoom webinar and conference call facility. Please note that shareholders will not be able to use this facility to actively participate in the annual general meeting by voting on the resolutions or asking questions. Shareholders are, however, invited to submit questions to the Company in advance of the annual general meeting by sending an email to ggy@fticonsulting.com by 28 May 2021, and answers to the questions will be given at the meeting.

The Board will continue to monitor the latest UK Government guidance, and how this may affect the arrangements for the annual general meeting. If it becomes necessary or appropriate to revise the current arrangements, further information will be made available on the Company's website at <https://www.gygplc.com/investor-relations/investor-relations-regulatory-news/> and/or via RNS.

Approved by the Board of Directors on 23 April 2021 and signed by its order:

SUE STEVEN
Company Secretary

23 April 2021

CORPORATE GOVERNANCE STATEMENT

An introduction from the Chairman

Dear Shareholders

As Chairman of GYG plc, I am responsible for leading the Board so as to ensure that the Group has in place the strategy, people, structure and culture to deliver value to shareholders and other stakeholders of the Group as a whole over the medium to long-term. On behalf of the Board I am, therefore, pleased to present our Corporate Governance Statement for the year ended 31 December 2020.

High standards of corporate governance are a key priority for the Board of GYG plc and the Board has adopted the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code") as the basis of the Group's governance framework. The Company complies with the QCA code in so far as is practical given the size of the Company and nature of its operations.

As individual Directors we are mindful of our statutory duty to act in the way each of us considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, as set out in our s172(1) statement on page 24.

It is the responsibility of the Board to ensure that the Group is managed for the long-term benefit of all shareholders and stakeholders, with effective and efficient decision-making. Corporate governance is an important aspect of this, reducing risk and adding value to our business. Our effective risk management framework has supported the business through a very challenging period, and I am pleased that, when tested by the extreme conditions of the global COVID-19 pandemic, the business has demonstrated admirable operational resilience, albeit with inevitable cost implications which we have worked to minimise. The Group has maintained operations with enhanced health and safety protocols in place for front line staff, and all back-office staff have migrated seamlessly to the home working environment as and when required by the various government guidelines and regulations.

The QCA Code sets out ten principles, in three broad categories, and in this Corporate Governance Statement I have set out the Group's application of the QCA Code and the Companies Act, including, where appropriate, cross references to other sections of the annual report and to our website.

STEPHEN MURPHY
Chairman

23 April 2021

QCA PRINCIPLES **DELIVER GROWTH**

1. Establish a strategy and business model which promote long-term value for shareholders

GYG plc has a long-established reputation in European marine supply and the global superyacht Coatings segment. The Company is growing its market share in the New Build sector by developing long term relationships with leading shipyards across Europe, and continues to enhance its international footprint in the Refit sector through both its existing relationships and its extensive contacts across the industry.

The Board has established a strategy and business model which seek to promote long-term value for shareholders and has identified the following key areas of operation to focus on improving on the Group's performance going forwards:

- leverage market leading position across all segments;
- enter into new agreements with shipyards to create long-term trading partnerships;
- generate further operational efficiencies and synergies;
- expanding the marine supply offering; and
- acquisition-led growth where and when appropriate to expand the business model.

A fuller explanation of how the strategy and business model are executed is set out on pages 10 to 25 of the Strategic Report.

2. Seek to understand and meet shareholder needs and expectations

The Company recognises the importance of engaging with its shareholders and reports formally to them 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 the other independent Non-Executive Director attend meetings with investors and analysts as required. The Chairman writes to major shareholders once a year offering them the opportunity to meet with him. In view of the ongoing global COVID-19 pandemic, since March 2020, regular contact has been maintained remotely with investors and analysts either via video conference or telephone, rather than through face-to-face meetings.

At every Board meeting, the Chief Executive Officer, Chief Financial Officer and the external investor relations consultant provide a summary of the content of any engagement they have had with investors to ensure that major shareholders' views are communicated to the Board as a whole. The Board is also provided with brokers' and analysts' reports when published. 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 usually encouraged to attend the annual general meeting at which the Group's activities and results are considered, and questions answered by the Directors. However,

given the ongoing COVID-19 pandemic and the associated UK Government measures, including restrictions on public gatherings, attendance was not permitted last year. Shareholders were, however, invited to submit questions by email to the Company prior to the annual general meeting and also the general meeting held on 2 September 2020.

General information about the Group is also available on the Company's website (www.gygplc.com). This includes an overview of activities of the Group and details of all recent Company announcements.

The Company receives occasional feedback direct from investors, which is carefully considered by the Board, with appropriate action being taken where the Board believes it in the interests of shareholders to do so. None of the feedback received from investors has involved non-compliance with the QCA Code.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

In addition to its shareholders, the Company believes its main stakeholder groups are its employees, clients, suppliers and relevant statutory authorities in its areas of operation.

The Group encourages feedback from its customers through engagement with individual customers and relevant advisors throughout a project. As a consequence of such feedback, the Group's quotes now provide better clarification for clients in areas such as payment terms, warranty and standard terms and conditions, which have been updated to cover the potential for unexpected delays and/or costs in projects as a result of the ongoing global COVID-19 pandemic. A detailed scope of works schedule is also included, and the format of quotes has been unified across all the Group's locations.

The Group expects to continue to run the Pinmar Paint Academy's non-profit making paint courses, based on demand, which train yacht crews how best to maintain their paintwork.

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 Board recognises the benefits of a diverse workforce which enables the Group to make better decisions about how to optimise resources and work by eliminating structural and cultural barriers and bias. It allows the Group to protect and enhance its reputation by recognising and respecting the needs and interests of diverse stakeholders; to deliver strong performance and growth by attracting, engaging and retaining diverse talent; and to innovate by drawing on the diversity of perspectives, skills, styles and experience of its employees and stakeholders.

The Group is committed to ensuring that it treats its employees fairly and with dignity. This includes being free from any direct or indirect discrimination, harassment, bullying or other form of victimisation. The Group has policies in place to encourage employees to speak up about any inappropriate practices or behaviour.

The Group believes that having empowered and responsible employees who display sound judgement 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. Feedback from employees is received from employee representatives who meet with management on a regular basis to discuss business-related issues.

As a result of such feedback, the Group, with the support of Spanish government and EU funding, has established an apprenticeship programme for yacht painters. The Group's HR team has also been working closely with local technical colleges to identify individuals who would be suitable to participate in the Group's in-house training programmes in various different departments within the business. However, as a result of the ongoing global COVID-19 pandemic, the Group has unfortunately been forced to suspend these two initiatives temporarily, but they will be resumed at the earliest available opportunity.

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.

From 1989 to 2019, the Group organised an annual charity golf tournament, known as "The Pinmar Golf" through which the Group received donations from its supporters totalling €1,109,293 overall. The funds raised have been distributed through The Pinmar Golf Charity Fund and have been used to great effect, supporting a host of worthy Mallorca-based and also industry-related charities. During 2020, the remaining funds were shared across a wide range of causes including: Yachting Gives Back, Save the Med Foundation, Fundación Rana and Asdica in Mallorca, and internationally to Blue Marine Foundation, The Lewis Moody Foundation and Royal National Lifeboat Institution (RNLI).

An environmental focus was introduced to the Group's fundraising activities, and 25% of the 2019 total raised was apportioned to projects that are focused on marine conservation. Further details of The Pinmar Golf and the charitable causes which received support through the funds raised from this event may be found at <https://www.pinmar.com/charity-fund>.

The Group had planned to introduce a new hospitality event through which yacht crew and the industry would be brought together to continue the good work which has been achieved so far with the charities. However, due to the COVID-19 pandemic, the launch of the inaugural Pinmar Festival which had been scheduled for 2020 had to be postponed, and so the Group's fundraising capabilities in 2020 were somewhat limited, but the fundraising programme will be restarted in earnest as soon as reasonably practicable.

CORPORATE GOVERNANCE STATEMENT

(CONTINUED)

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

(continued)

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. The Group has a senior manager who has overall responsibility for health and safety matters and a team that is dedicated full time to this part of the business.

The Group seeks to meet or, where possible, exceed 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. In addition, the Board receives monthly reports on the number of accidents relative to the number of workers. There were no significant health and safety issues reported in 2020.

In response to the COVID-19 pandemic, the Group immediately invoked its contingency plans to ensure the health and wellbeing of its employees whilst maintaining services to clients. The Group has maintained operations with enhanced health and safety protocols in place for front line staff, and all back-office staff working remotely as and when required by the various government guidelines and regulations. The Group is constantly monitoring the ever-changing situation across its global markets to ensure compliance with both national and local travel and health advisories.

Environment and climate change

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 understanding and managing the environmental impact of the Group's operations across all of the Group's locations is an important part of being a responsible stakeholder. It is also strategically important for building resilience into the Group's business.

It is the Group's policy to endeavour to meet or, where possible, exceed relevant legal requirements and codes of practice on environmental issues so as to ensure that any adverse effects on the environment are minimised. Accordingly, there is a team dedicated to monitoring this across the Group, which seeks to mitigate the environmental impact of the Group's activities. The Group 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.

The Coatings Division has obtained the ISO 14001:2015 certificate, confirming the Company's continued leadership in our industry with regard to environmental matters. This international standard is used by large and small organisations across the world and is an excellent framework to assist with the implementation of an environmental management system which helps organisations reduce their environmental impact whilst growing their business.

The Directors are also cognisant of the potential impact of climate change. Whilst the ultimate impacts on society and the economy are unclear at this point, the Directors do not believe that climate change will have a material impact on the Group in the short to medium term. They are also encouraged by developments within the yachting industry as it looks to reduce its impact on the climate through new technologies and better operating practices.

The Group endeavours to work with its suppliers to adopt innovations in technology that reduce the environmental impact of its activities as more fully explained in the Chief Executive's Report on page 18.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has overall responsibility for the Group's internal control systems and for monitoring their effectiveness. The Board, with the assistance of the Audit Committee, 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.

Details of the principal risks currently facing the Group and how they are mitigated are set out on pages 22 to 24 of the Strategic Report.

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 also has a whistleblowing policy in place. Both the Board and senior management are responsible for reviewing and evaluating risk, and the Executive Directors meet on a regular basis to review ongoing trading performance, discuss budgets and forecasts and any new risks associated with ongoing trading, the outcome of which is reported to the Board.

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.

In 2020 a formal risk assessment exercise was 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 confirmed that no significant weakness or failing had been identified during the process.

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

Management is also 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 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.

MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

5. Maintain the Board as a well-functioning, balanced team led by the chair

The Chairman, Stephen Murphy, is responsible for leadership of the Board, ensuring its effectiveness in all aspects of its role. The Company is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders and is mindful of the cost/benefit implications of further Board expansion for the Company. The Company will continue to keep this under review and maintain a balance of Non-Executive Director input as the Company grows.

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 and Committee meetings. All Directors have access to the advice and services of the Chief Financial Officer and the Company Secretary, who are responsible for ensuring that the Board procedures are followed, and that applicable rules and regulations are complied with. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

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. 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.

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 frequent basis.

Board of Directors

The composition of the Board during the period is summarised in the table on page 28 of the Directors' Report. As at the date of this report the Board comprises five members including two independent Non-Executive Directors, namely Stephen Murphy and Richard King.

Independence of Directors

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 were, and continue to be, independent of the executive management and free from any relationship which could materially affect the exercise of their independent judgement.

Both the independent Non-Executive Directors constructively challenge and help develop proposals on strategy and bring strong, independent judgement, knowledge and experience to the Board's deliberations. The independent Non-Executive Directors are of sufficient experience and competence that their views carry significant weight in the Board's decision making.

CORPORATE GOVERNANCE STATEMENT

(CONTINUED)

5. Maintain the Board as a well-functioning, balanced team led by the chair (continued)

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.

The Non-Executive Directors have regular opportunities to meet without Executive Directors being present (including time after Board and Committee meetings).

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.

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.

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

Attendance at Board and Committee meetings

The Board considers that it has shown its commitment to leading and controlling the Group by meeting 19 times during the year ended 31 December 2020. Twelve of these meetings were routine, and seven were called on short notice to assess and monitor the impact of the global COVID-19 pandemic on the Group's operations. The attendance of each Director at Board and Committee meetings during the period is set out in the table below:

Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
Stephen Murphy	19/19	6/6	3/3	1/1
Remy Millott	19/19			
Kevin McNair	19/19			
Rupert Savage	19/19			
Richard King	19/19	6/6	3/3	1/1

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.

As a result of the various restrictions imposed by the UK government in an effort to contain the spread of COVID-19, all Board and Committee meetings held since March 2020 have been conducted remotely either by video conference or telephone. All participants have adapted very well to this style of communication, which has proved to be an efficient and effective meeting format.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board currently comprises three Executive and two Non-Executive Directors with an appropriate balance of sector, financial and public market skills and experience to deliver the Group's strategy for the benefit of shareholders over the medium to long term. The balance of skills and experience of the current Board is summarised below:

Director	Sector	Financial	General Management	Other public company (board level)
Stephen Murphy		•	•	•
Remy Millott	•		•	
Kevin McNair		•	•	•
Rupert Savage	•		•	
Richard King		•	•	•

The skills and experience of the Board are set out in their biographical details on pages 26 and 27. The experience and knowledge of each of the Directors gives them the ability to constructively challenge the strategy and to scrutinise

performance. The Board also has access to external advisors where necessary. Neither the Board nor its Committees sought external advice on any significant matter during the reporting period.

On joining the Board, new Directors are advised of their legal and other duties and obligations as a director of an AIM-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.

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.

Each Director takes responsibility for maintaining his/her skill set, which includes roles and experience with other boards and organisations as well as attending formal training and seminars. The Executive Directors receive regular and ongoing updates from their professional advisors covering financial, legal, tax and Stock Exchange regulations.

The Company Secretary provides information and advice on corporate governance and individual support to Directors on any aspect of their role, particularly supporting the Chairman and those who chair Board Committees. The Company Secretary is also responsible for ensuring that Board procedures are followed, that the Company complies with company law and the AIM Rules, and that the Board receives the information it needs on a timely basis to fulfil its duties effectively.

The Company is a strong supporter of diversity in the boardroom and the senior management team. The Board currently comprises five male Directors and the Company Secretary is female. Approximately 25% of the senior management team is female. The Company remains of the opinion that appointments to the Board should be made relative to a number of different criteria, including diversity of gender, background and personal attributes, alongside the appropriate skill set, experience and expertise.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Board evaluation

The Board is mindful that it needs to continually monitor and identify ways in which it might improve its performance and recognises that board evaluation is a useful tool for enhancing a board's effectiveness. Alongside the formal annual evaluation, the Chairman routinely assesses the performance of the Board and its members and discusses any problems or shortcomings (if any) with the relevant Directors.

After considering different alternatives, the Board made the decision to undertake the 2020 evaluation internally, using a process led by the Chairman, which included the completion by each Director of a confidential questionnaire in respect of the Board evaluation, and of a confidential questionnaire for each of the Committees of which they were a member. These questionnaires covered all aspects of good governance, and the Directors were also required to assess their satisfaction with the operation of the Board and its Committees, as well as the effectiveness of these bodies in fulfilling the key responsibilities set out in their respective terms of reference.

A similar confidential questionnaire process was undertaken in respect of the evaluation of the Chairman's performance, with feedback being provided to the Chairman by the other Non-Executive Director.

Further details of the criteria against which the Board, its Committees and the individual effectiveness of the Directors and the Chairman were considered can be found at www.gygplc.com/investor-relations/investor-relations-corporate-governance.

The completed questionnaires were analysed by the Company Secretary and the outcomes were reviewed and considered by the Board as a whole. As in the previous year, there were no significant issues identified during the evaluation process, and any minor areas requiring a level of improvement either have been or will be addressed. It was, therefore, concluded that:

- the Board continued to meet its regulatory requirements and that appropriate processes were in place for setting the strategic direction of the Group;
- each Committee continued to be effective and that all members were considered to have made valuable contributions;
- individual Directors continued to perform effectively; and
- the process for evaluation of the Chairman's performance had been conducted in a professional and thorough manner, and that the Chairman performed his role appropriately.

Succession planning

The Nomination Committee is responsible for succession planning of the executive leadership team and for the appointment and re-appointment of any Non-Executive Directors if and when necessary. Further details of the Company's approach to succession planning are set out in the Nomination Committee Report on page 39.

8. Promote a corporate culture that is based on ethical values and behaviours

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 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.gygplc.com/investor-relations/investor-relations-corporate-governance).

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. The performance and reward system endorses the desired ethical behaviours across all levels of the Group.

CORPORATE GOVERNANCE STATEMENT

(CONTINUED)

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Chairman, Stephen Murphy, is responsible for leadership of the Board, ensuring its effectiveness, 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 the other Non-Executive Director, 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.

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 on the Company's website (www.gygplc.com/investor-relations/investor-relations-corporate-governance/). 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, material acquisitions and divestments and the establishment and monitoring of internal controls.

The appropriateness of the Board's composition and corporate governance structures are reviewed through the ongoing Board evaluation process and on an ad hoc basis by the Chairman together with the other Directors, and these will evolve in parallel with the Group's objectives, strategy and business model as the Group develops.

Board Committees

The Board has established Audit, Nomination and Remuneration Committees and the Company Secretary acts as secretary to each of the three Committees.

Audit Committee

The Audit Committee has Richard King as chairman, and 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 auditor relating to the Group's accounting and internal controls, in all cases having due regard to the interests of shareholders. The Audit Committee meets at least twice a year. Stephen Murphy is the other member of the Audit Committee. The Audit Committee's terms of reference are available on the Company's website (www.gygplc.com/investor-relations/investor-relations-corporate-governance/).

A report on the duties of the Audit Committee and how it discharges its responsibilities is provided on pages 40 to 42.

Remuneration Committee

The Remuneration Committee has Stephen Murphy as chairman, and reviews the performance of the Executive Directors, and determines their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of shareholders. The Remuneration Committee meets at least twice a year. Richard King is the

other member of the Remuneration Committee. The Remuneration Committee's terms of reference are available on the Company's website (www.gygplc.com/investor-relations/investor-relations-corporate-governance/).

The Directors' Remuneration Report and details of the activities and responsibilities of the Remuneration Committee are set out on pages 43 to 46.

Nomination Committee

The Nomination Committee has Stephen Murphy as chairman, and identifies and nominates, for the approval of the Board, candidates to fill Board vacancies as and when they arise. The Nomination Committee meets at least once a year. Richard King is the other member of the Nomination Committee. The Nomination Committee's terms of reference are available at on the Company's website (www.gygplc.com/investor-relations/investor-relations-corporate-governance/).

Details of the activities and responsibilities of the Nomination Committee are set out on page 39.

BUILD TRUST

10. Communicate how the Company is governed and is performing

As explained earlier in this Corporate Governance Statement, the Board has established a Nomination Committee, an Audit Committee and a Remuneration Committee. The work of each of the Board Committees undertaken during the year ended 31 December 2020 is detailed on pages 39 to 46.

The results of the poll voting at the 2020 annual general meeting and also at the general meeting held on 2 September 2020 are available on the Company's website (www.gygplc.com/investor-relations/investor-relations-corporate-governance/). No resolutions had a significant proportion (>20%) of votes cast against them at either of those meetings, and, in fact, all resolutions proposed at the September general meeting were passed with 100% of the votes cast in favour.

The Board maintains a healthy dialogue with all of its stakeholders. Throughout the course of the financial year the Board communicates with shareholders directly and also uses an external investor relations consultant to canvass shareholders on any views, concerns and expectations they may wish to express indirectly.

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 Non-Executive Directors. 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 page 36.

The effectiveness of the Nomination Committee is reviewed by the Board annually.

The Nomination Committee met once during the reporting period. Business conducted at that meeting included the following:

STRUCTURE, SIZE AND COMPOSITION OF THE BOARD

The Nomination Committee reviewed the structure, size and composition of the Board in conjunction with the outcome of the 2020 Board/Committee performance evaluation process 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, taking into account the Company's current size and stage of development. However, the Nomination Committee noted that it would continue to monitor and keep under review the structure, size and composition of the Board. There were no changes to the Board membership during the reporting period.

The Nomination Committee further noted that the appointment of the Non-Executive Directors 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 on page 39. As both Nomination Committee members were appointed as Non-Executive Directors of the Company for an initial three-year term, expiring on the third anniversary of the date of the IPO, i.e. 5 July 2020, the possible extension of their respective appointments was referred to the Executive Directors. It is typically expected for Non-Executive Directors to serve two three-year terms (although they can be invited by the Board to serve an additional period thereafter). After due consideration, it was unanimously agreed by the Executive Directors that both Stephen Murphy and Richard King would be invited to serve a further three-year term, and having considered the proposal, each Non-Executive Director confirmed that he was willing to serve in his current capacity for a further three years on the same terms.

SUCCESSION PLANNING

The Nomination Committee has identified succession planning as a key consideration for GYG and a formal succession plan is now in place. Key individuals in the senior/middle management teams have been identified and a matrix has been prepared which is updated on a regular basis. This matrix indicates how succession challenges would be managed on a short- and long-term basis within the practical constraints of the Company's financial capabilities and its strategic position within a developing but specialist industry.

The Nomination Committee also oversees the talent management and development within the Group and seeks to make appropriate investment at all levels of the organisation to provide meaningful opportunities and a realistic level of internal candidates for key roles. The Nomination Committee also identifies where succession solutions would involve external recruitment and plans appropriately for such situations.

BOARD/COMMITTEE PERFORMANCE EVALUATION PROCESS

It was noted that a formal Board/Committee performance evaluation would be conducted by way of a questionnaire and Chairman interviews during 2020. Further details of this process and the outcomes are set out on page 37 of the Corporate Governance Statement.

RETIREMENT AND RE-ELECTION OF DIRECTORS

The Nomination Committee considered the terms of the Company's articles of association (the "Articles") regarding retirement and re-election of Directors and noted in particular that 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 annual general meetings before that meeting. In this regard, the Nomination Committee concluded that as both Remy Millott and Rupert Savage had been last appointed at the 2018 annual general meeting, they were required to retire and, being eligible, offer themselves for re-election at the 2021 annual general meeting.

STEPHEN MURPHY

Chairman of the Nomination Committee

23 April 2021

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE

The Audit Committee meets at least three times a year and met six times during the reporting period. Details of meeting attendance are shown in the Corporate Governance Statement on page 36. The Group's external auditor was present at four of those meetings.

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 qualified as a Chartered Management Accountant in 1979. Both of the Audit Committee members are independent Non-Executive Directors.

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, the Chief Executive Officer and the external auditor 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 meets 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 external auditor 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 AUDITOR

The Audit Committee is responsible for making recommendations to the Board on the appointment, re-appointment 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 external auditor's independence. For each annual cycle, the Audit Committee ensures that appropriate plans are in place for the external audit.

PricewaterhouseCoopers LLP ("PWC") were the Company's and the Group's external auditor for the financial years ended 31 December 2019 and 31 December 2020, having been appointed following a formal tender process in respect of external audit services undertaken by the Audit Committee in early 2019.

In accordance with professional standards, the PWC senior statutory auditor responsible for the audit will be rotated every five years. The current senior statutory auditor was appointed in respect of the year ended 31 December 2019.

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 2020 in relation to the financial statements for the year ended 31 December 2020. The external auditor also presents to the Audit Committee the output of its detailed year-end work and the Audit Committee challenges significant judgements (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 Group 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 PWC since their appointment as external auditor. The Audit Committee and the Board are also satisfied with the policies and procedures the external auditor has in place to maintain their objectivity and independence.

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 (e.g. reviews of internal controls and reviewing the Group's interim financial statements).

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, advice on banking negotiations and covenant calculations. All non-audit services 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 67.

WORK UNDERTAKEN BY THE AUDIT COMMITTEE DURING THE YEAR ENDED 31 DECEMBER 2020

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

- review of the annual report and financial statements for the year ended 31 December 2019, including an in-depth going concern analysis, with particular regard to the possible impact of the COVID-19 pandemic on the Group's business;
- consideration and review of the Group's new bank facilities agreed with its lenders to further strengthen the balance sheet and provide resilience against COVID-19 uncertainties;
- consideration and approval of the unaudited interim financial statements for the period ended 30 June 2020;
- consideration of new IFRS accounting standards;
- discussions with the external 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 2020;
- approval of non-audit work to be carried out by the external auditor;
- consideration of 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;
- review of the accounting treatment of additional costs incurred as a direct result of the COVID-19 pandemic; and
- post-period, review of the annual report and financial statements for the year ended 31 December 2020.

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

SIGNIFICANT JUDGEMENTS AND ESTIMATES RELATED TO THE FINANCIAL STATEMENTS

The Audit Committee, in consultation with management and the external auditor, has considered a number of significant judgements and estimates relating to the preparation of the financial statements contained in this annual report as follows:

Judgements

Going concern

A full description of the Group's business activities, financial position and cash flows, together with the factors likely to affect its future development and performance, is set out in the Strategic Report, including the Financial Review, and in note 2.3 of the financial statements. Further details of the borrowing facilities are also set out in note 17 of the financial statements.

The Audit Committee has reviewed the Group's cash flow and profit and loss forecasts, including a sensitivity analysis and a review of forecast compliance with loan covenants for the purposes of the going concern review. This process included an assessment of the expected impact of the COVID pandemic on those forecasts including unlikely but plausible significant downsides. This assessment has been reviewed extensively and will be updated regularly going forward. Management will continue to update their forecasts and take appropriate steps to manage covenant compliance.

Estimates

Fraud in revenue recognition/revenue recorded for long-term contracts

Revenue recorded through contract accounting is subject to estimation and judgement 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 external 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

Valuation of goodwill and other acquired intangibles

For the purpose of impairment testing, management have updated their forecasts and reviewed for impairment. Goodwill is allocated to each of the cash-generating units ("CGUs") expected to benefit from the synergies of the combination.

AUDIT COMMITTEE REPORT (CONTINUED)

As of year-end the recoverable amount of the CGU is more than the carrying goodwill and other intangible assets amount, concluding that an impairment is not necessary to be recognised.

The Audit Committee has considered the external auditor's findings and discussed the outcomes with management and, after due consideration, believes that the accounting and disclosures relating to goodwill valuation 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 34 and 35.

INTERNAL AUDIT

The Board considers the need for an internal audit function annually and in consultation with the external 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 is considered on an ongoing basis and the Audit Committee 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

23 April 2021

DIRECTORS' REMUNERATION REPORT

As Chairman of the Remuneration Committee, I am pleased to present our report for the year ended 31 December 2020.

This report does not constitute a full directors' remuneration report in accordance with the Companies Act 2006 and the UK Listing Rules. 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).

The effectiveness of the Remuneration Committee is reviewed by the Board annually.

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 met three times during the reporting period. Details of meeting attendance are shown in the Corporate Governance Statement on page 36.

At those meetings, the Remuneration Committee:

- considered whether bonus targets had been achieved for the year ended 31 December 2019;
- conducted a review of basic salaries payable for the year ended 31 December 2020;
- set bonus performance targets for the year ended 31 December 2020;
- considered and approved awards to be made under the long-term incentive plan; and
- assessed the performance targets attached to the awards made under the long-term incentive plan in 2017.

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 2020;
- reviewing basic salaries payable for the year ending 31 December 2021;
- setting bonus performance targets for the year ending 31 December 2021; and
- considering awards to be made under the long-term incentive plan.

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.

After due consideration, the Remuneration Committee approved an increase of 5% in respect of the basic salaries of both the Chief Executive Officer and the Chief Commercial Officer for the year ended 31 December 2020. This was the first uplift in their basic salaries since the IPO in July 2017. All other Directors' salaries remained unchanged. For the majority of staff across the Group a cost-of-living increase in salary was

DIRECTORS' REMUNERATION REPORT

(CONTINUED)

Basic annual salary (continued)

approved, with a small number of employees who had been promoted to the senior management team receiving slightly higher awards to reflect their increased responsibilities.

In light of the COVID-19 pandemic and ongoing cost saving measures, post-period no increases in the Directors' salaries were awarded for the year ending 31 December 2021, but a small cost of living salary increase was approved for the general workforce.

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 100% of the relevant Executive Director's base salary for exceptional out-performance.

The performance criteria are set by the Remuneration Committee based upon a combination of target financial criteria and specific personal objectives which are agreed by the Remuneration Committee with the Chief Executive Officer and the relevant Executive Director. For the Chief Executive Officer and the Chief Commercial Officer, the bonus awards are primarily weighted on financial targets, but also include a number of role-specific personal objectives. For the Chief Financial Officer, the weighting is 50:50 on financial targets and specific personal objectives. The weightings are kept under review to ensure that they are creating both intended outcomes and correct behaviours in the leadership team.

For the year ended 31 December 2020, the annual bonus financial targets for the Chief Executive Officer and the Chief Financial Officer were based on certain performance criteria in relation to revenue and EBITDA. The financial targets for the Chief Commercial Officer primarily related to revenue. Each Executive Director was also set a number of individual targets.

Following a review of performance against the bonus targets which had been set for the year ended 31 December 2020, the Remuneration Committee concluded that the financial targets had not been sufficiently met to create a pool from which bonuses could be paid and, therefore, no bonuses were awarded to the Executive Directors for that period despite the achievement of role-specific personal objectives.

For the year ending 31 December 2021, the annual bonuses for Executive Directors will once again 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 2021 bonus are commercially sensitive and 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 (Audited)

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"). 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 Remuneration Committee may grant awards within six weeks following the Company's announcement of its results for any financial year. The Remuneration Committee also has discretion to grant awards at any other time when it considers there to be exceptional circumstances which justify the granting of such awards.

An employee may not receive awards in respect of any financial year over ordinary shares having a market value in excess of 100% of their annual base salary in that financial year. In exceptional circumstances, this limit may be increased to 150% at the discretion of the Remuneration Committee.

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.

During the reporting period, the Remuneration Committee reviewed the performance targets which had been set in relation to the PSP awards granted on 11 July 2017. As the prescribed EPS targets had not been achieved by the third anniversary of the award date, the Remuneration Committee determined that none of the options had vested and that all outstanding options under that award would, therefore, lapse.

Options granted under the PSP during the reporting period are set out in the table on page 46. These options will vest in 2023 to the extent stretching earnings per shares (EPS) targets are met in the financial year ending 31 December 2022.

DIRECTORS' REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2020 (AUDITED)

The remuneration of the Directors who served on the Company's Board during the year to 31 December 2020 was as set out in the table below:

	Year ended 31 December 2020			Year ended 31 December 2019		
	Basic salary and fees '000	Bonus '000	Total '000	Basic salary and fees '000	Bonus '000	Total '000
Executive Directors						
Remy Millott	262.50	—	262.50	258.00	121.00	379.00
Gloria Fernandez ¹	—	—	—	2197.20	—	197.20
Kevin McNair ³	200.00	—	200.00	462.80	14.00	76.80
Rupert Savage	236.25	—	236.25	231.60	101.00	332.60
Non-Executive Directors		'000	'000	'000	'000	'000
Stephen Murphy	112.48	—	112.48	113.89	—	113.89
Richard King ⁵	56.24	—	56.24	57.00	—	57.00

¹ Resigned 31 July 2019.

² This figure included the sum of €120,000 in respect of pay in lieu of notice, plus various accrued benefits.

³ Appointed 19 September 2019.

⁴ During the year ended 31 December 2019, as a consultant, Kevin McNair also received payment of €121,900 in respect of his role as Interim Chief Financial Officer.

⁵ Richard King is entitled to an additional fee of €13,890 per annum in respect of his role as the Chairman of the Audit Committee, which is included in the total above.

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.

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 Chief Commercial Officer) 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.

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.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Copies of the 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
Kevin McNair	19 September 2019
Rupert Savage	23 June 2017
Non-Executive Director	Date of letter of appointment
Stephen Murphy	23 June 2017 (taking effect on 5 July 2017)
Richard King	23 June 2017 (taking effect on 5 July 2017)

The service agreements for all of the Executive Directors are between the relevant Director and Hemisphere Yachting Services, S.L.U. ("HYS"). All of the current Executive Directors are employed on a full-time basis.

Each of the Executive Directors' service agreements may be terminated by either party serving six months' written notice. If notice is given by HYS, in relation to each of Remy Millott and Rupert Savage, they are entitled to a settlement from HYS in the gross amount of €200,000 and, in relation to Kevin McNair, he is entitled to a settlement of €120,000. At its direction, HYS may make payment in lieu of notice equal to the salary amount the Director would otherwise have received during their notice period.

The appointment of the Non-Executive Directors 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 on page 28. Both Stephen Murphy and Richard King were appointed as Non-Executive Directors of the Company for an initial three-year term, expiring on the third anniversary of the date of the IPO, i.e. 5 July 2020. As more fully explained in the Nomination Committee Report on page 39, it was unanimously agreed by the Executive Directors that both Stephen Murphy and Richard King would be invited to serve a further three-year term, and having considered the proposal, each Non-Executive Director confirmed that he was willing to serve in his current capacity for a further three years on the same terms.

DIRECTORS' REMUNERATION REPORT

(CONTINUED)

DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS

Directors' shareholdings

The interests of the Directors who served during the year in the share capital of the Company as at 31 December 2020, 31 December 2019 and the date of this report were as follows:

Director	31 December 2020 Number of ordinary shares of £0.002 each	31 December 2019 Number of ordinary shares of £0.002 each	As at date of report Number of ordinary shares of £0.002 each
Remy Millott	3,270,863	3,270,863	3,270,863
Kevin McNair	40,000	40,000	40,000
Rupert Savage	2,716,981	2,716,981	2,716,981
Stephen Murphy	240,000	240,000	240,000
Richard King	130,000	130,000	130,000

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 2019	Granted during the period	Options exercised during the period	Options lapsed during the period	As at 31 December 2020	Exercise price	Earliest date from which exercisable	Expiry date
Remy Millott	82,500	—	—	82,500	—	£0.002	11/07/2020 ¹	11/07/2027
	143,870	—	—	—	143,870	£0.002	04/04/2022 ¹	04/04/2029
	—	157,868	—	—	157,868	£0.002	18/08/2023 ¹	18/08/2030
Kevin McNair	—	90,210	—	—	90,210	£0.002	18/08/2023 ¹	18/08/2030
Rupert Savage	74,250	—	—	74,250	—	£0.002	11/07/2020 ¹	11/07/2027
	97,112	—	—	—	97,112	£0.002	04/04/2022 ¹	04/04/2029
	—	106,561	—	—	106,561	£0.002	18/08/2023 ¹	18/08/2030
TOTAL	397,732	354,639	—	156,750	595,621			

¹ 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

23 April 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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 Company and of the profit or loss of the group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom

governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' CONFIRMATIONS

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

This Statement of Directors' Responsibilities was approved by the Board of Directors on 23 April 2021 and is signed on its behalf by:

REMY MILLOTT
Chief Executive Officer

23 April 2021

KEVIN MCNAIR
Chief Financial Officer

23 April 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GYG PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- GYG plc's Group financial statements and parent company financial statements (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 2020 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and parent company statements of financial position as at 31 December 2020; the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated and parent company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.3 to the financial statements concerning the Group's and the parent company's ability to continue as a going concern. In evaluating the going concern assumption, the Directors of the Group have prepared cash flow forecasts to June 2022, together with sensitivity analyses. These forecasts throughout the going concern period assess the Group's ability to comply with banking covenants, and demonstrate the Group are expected to meet covenant requirements throughout the period. Those forecasts include a number of significant assumptions with regards to winning new customer contracts, the forecasting of timing work will be undertaken and the margin that will be achieved on these contracts, and consequently there is a risk that covenants may not be complied with, which is an event of default. In addition, the Directors have assessed the impact if an offer for the Group were to progress. The Group's main borrowing facility amounting to €4m, includes a change of ownership clause, and if the Groups ownership were to change this would require the Group to repay or refinance these borrowing facilities. If a refinancing were required these could be under different terms and conditions from the existing facilities. These conditions, along with the other matters explained in note 2.3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and the parent company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- obtaining and agreeing management's going concern assessment to the business's board approved plan and ensuring that the base case scenario including management actions, representing the business to June 2022 indicates that the business generates sufficient cash flows to meet its long and short term obligations while complying with covenant arrangements.
- identifying revenue growth and gross margin as the key assumptions inherent in the plan and validating these to historical performance and the order book for contracted amounts.

- analysing the forecast models to identify unexpected trends and relationships and ensuring the mathematical accuracy of management's models.
- evaluating management's severe but plausible downside scenarios, and assessing these when compared to historical performance, the level of the contracted order book and actual performance achieved in 2021.
- assessed the feasibility of management's actions.
- reviewed the terms and conditions of the borrowing facilities.
- considering the risk of breach of the covenant arrangements in place for external borrowings under the severe but plausible scenario and evaluating the feasibility of actions available to management if a downside scenario were to occur.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Our audit approach

Overview	Audit scope
	<p>Audit scope</p> <ul style="list-style-type: none"> • We performed full scope audits over four financially significant components as well as the GYG plc entity • In addition, we performed testing over significant balances within a further seven non-financially significant components • Our audit scoping provided coverage of 100% revenue, 63% profit before tax and 98% total assets • Testing over financial statement line items which are managed at a head office level were audited in full, including goodwill, external borrowings and Directors' emoluments <p>Key audit matters</p> <ul style="list-style-type: none"> • Material uncertainty related to going concern • Long-term contract accounting (Group) • Presentation and disclosure of exceptional items (Group) • Covid-19 (Group and parent) <p>Materiality</p> <ul style="list-style-type: none"> • Overall Group materiality: 441,735 EUR (2019: 465,000 EUR) based on 0.75% of total revenues. • Overall parent company materiality: 170,000 EUR (2019: 172,000 EUR) based on 1% of total assets. • Performance materiality: 331,300 EUR (Group) and 127,500 EUR (parent company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined in the Auditors' responsibilities for the audit of the financial statements section, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the failure to comply with employment laws, taxation laws, health and safety regulations and anti-bribery and corruption laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates.

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

Capability of the audit in detecting irregularities, including fraud

(continued)

Audit procedures performed by the engagement team included:

- Detailed discussions with management and walkthrough procedures to understand and evaluate the controls designed to prevent and detect irregularities and fraud.
- Challenging significant judgements and estimates in particular those relating to long-term contracts, impairment of goodwill, lease liabilities, share-based payments, inventory, deferred tax assets and the disclosures included on these balances within the financial statements.
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations.
- Reading the minutes of the Board meetings and reviewed legal expenses to identify any inconsistencies with other information provided by management.
- Incorporating elements of unpredictability.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, 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.

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Exceptional items is a new key audit matter this year. Factoring, which was a key audit matter last year, is no longer included because of it related to a prior year restatements of comparatives in the 2019 consolidated financial statements. As a consequence this is no longer relevant. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<i>Long-term contract accounting (Group)</i>	
86% of Group's total revenue of € 58.9m (2019: € 63.8m) is attributable to the coating division, which is based on long term contracts for both refit and new build projects. Given the complexity of long-term contract accounting in revenue under IFRS 15, this is an area which could be prone to judgement or error and we have classified this as a significant audit risk. Refer to the critical accounting judgements in note 3.1.1 and the discussion in the Director's governance report for more details on this critical accounting estimate.	We evaluated the design and implementation of controls regarding revenue and receivables and assessed how the Directors ensure that revenue is recognised in line with contractual terms. We tested a sample of contracts to a high level of assurance and challenged the calculation of work in progress. We agreed percentages of completion to underlying accounting records and analysed profit margin adjustments. We also performed look-back procedures to assess the appropriateness of Directors' estimates in the past by comparing forecasts as at 31 December 2019 to actuals. Additionally, we have examined the progress of projects subsequent to the year end to verify judgements of the stage of completion and revenue and profit recognised as at 31 December 2020. We concluded that revenue recorded for long-term contracts has been appropriately accounted for. The disclosures included within note 3.1 and note 15 are considered reasonable.

Key audit matter	How our audit addressed the key audit matter
<p><i>Presentation and disclosure of exceptional items (Group)</i></p> <p>The financial statements include certain items which are disclosed as exceptional items, and therefore adjusted for in the reconciliation of accounting profit to the adjusted measure, underlying operating profit. There is clear guidance on the use of exceptional items by the FRC and defined in IAS 1, and it is anticipated that there will be increased scrutiny of companies usage of exceptional items as a result of Covid. We focus on this area as judgement is required by the Directors in determining whether items classify as exceptional. In the year, exceptional items are recognised mainly in relation to the COVID-19 pandemic due to travel and social distancing restrictions across Europe and the US. In order to continue working on projects and commitments GYG has incurred incremental costs to operate during these challenging times. Refer to note 6 to the consolidated financial statements for further details.</p>	<p>We assessed the appropriateness of the Group's accounting policy for exceptional items with reference to accounting standards. The focus of our audit work was around the presentation and disclosure of those exceptional costs, especially with regards to ensuring the classification of exceptions is in line with the latest FRC guidance and the group's accounting policy. We have audited those costs to underlying documents and ensured that an auditable trail for those costs was available. We challenged management to ensure disclosure was balanced and included related one-off income as well as one-off expenses. We identified an adjustment where items had been incorrectly included within exceptional costs, and this was adjusted by management. The presentation and disclosure of exceptional costs is consistent with the evidence obtained, as disclosed in note 6.</p>
<p><i>Covid-19 (Group and parent)</i></p> <p>The COVID-19 pandemic has had a significant impact on the Group's business during 2020 with the performance of the business being adversely affected in the first half of 2020 followed by a recovery in the last quarter of the year. COVID-19 has had a pervasive impact across the Group and has required management to reconsider a number of accounting judgements and estimates. These included adjusting business plans and models which underpin the assessment of going concern and the recognition of exceptional items associated with additional expenses of operating the business during the pandemic. We have considered the pervasive impact of COVID-19 through the planning, risk assessment and execution phases of our audit with particular focus on the effect the pandemic has had on areas of key accounting judgement and estimation. Separate key audit matters cover our conclusions on exceptional items.</p>	<p>During the course of 2020 management have assessed the wider impact of COVID19 on the Group's financial statements and prepared a number of papers considering the impact. These papers, considered the appropriateness of management's approach to going concern and the treatment of exceptional items. Going concern has been considered above in the emphasis of matter section. Refer to our Key Audit matter above for details of how we have considered the impact of COVID-19 in our audit procedures over the treatment of exceptional items recognised in the consolidated financial statements. We have reviewed the disclosures included within the financial statements in respect to the impact of COVID-19 to ensure that the disclosures are consistent with published guidance and the presentation of exceptional costs incurred by the Group in responding to the pandemic is appropriate.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the parent company, the accounting processes and controls, and the industry in which they operate.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the parent company, the accounting processes and controls, and the industry in which they operate. The Group has twelve wholly owned subsidiaries. We defined a component to be an individual entity for which management prepares financial information. Accordingly, the parent company and each subsidiary is a component. We identified four financially significant components based on their contribution to the Group's revenue for the year. A full scope audit was performed over each of these, as well as over the parent company. Significant balances were identified in the seven remaining components and therefore testing on specific financial statement line items was performed to obtain audit evidence in support of those balances within the consolidated accounts. In addition, we performed audit procedures at a group level over financial statement line items which are managed at head office, including goodwill, external borrowings, and Directors' emoluments. The audit of the financially significant components and the audit procedures performed over the other non-financial significant components was undertaken by PwC Spain. We have instructed and directed them, held meetings during the audit process, performed a review of working papers with particular focus on the audit of areas of heightened audit risk, and received reporting from them. Based on our involvement in the component auditor's work, sufficient appropriate evidence has been obtained in support of the group audit. Our audit scoping provided coverage of 100% revenue, 63% profit before tax and 98% total assets.

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

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

	Financial statements – Group	Financial statements – parent company
Overall materiality	441,735 EUR (2019: 465,000 EUR).	170,000 EUR (2019: 172,000 EUR).
How we determined it	0.75% of total revenues	1% of total assets
Rationale for benchmark applied	Based on the benchmarks used in the annual report, revenue is the primary measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark. We have applied a rule of thumb of 0.75% of this benchmark which is appropriate for a listed entity.	GYG plc is an investment holding company with no trading operations. The benchmark for this entity is total assets as this is the primary value recognised in the financial statements for the Company. We have applied a rule of thumb of 1% which is standard for this benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between €270,000 and €400,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to 331,300 EUR for the Group financial statements and 127,500 EUR for the parent company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount in the middle of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above €22,085 (Group audit) (2019: €23,350) and €8,500 (parent company audit) (2019: €8,600) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Governance report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Governance report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Governance report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Governance report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report. In our engagement letter, we also agreed to describe our audit approach, including communicating key audit matters.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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
- certain disclosures of Directors' remuneration specified by law are not made; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

MARK FOSTER
(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes

23 April 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	Year ended 31 December 2020 '000	Year ended 31 December 2019 €'000
Continuing operations			
Revenue	4	58,898	63,827
Operating costs		(57,665)	(62,568)
Adjusted EBITDA	12, 13	5,163	4,508
Depreciation and amortisation		(2,995)	(2,808)
Performance share plan	23	90	(108)
Exceptional items	6	(1,025)	(333)
Operating profit	5	1,233	1,259
Gain on financial instruments	22	—	379
Finance costs – net	9	(1,050)	(810)
Profit before tax		183	828
Tax	10	69	(145)
Profit for the period		252	683
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		57	(33)
Total comprehensive profit/(loss) for the period		309	650
Profit/(loss) for the period attributable to:			
Owners of the Company		252	753
Non-controlling interest		—	(70)
Total comprehensive profit/(loss) for the period attributable to:			
Owners of the Company		309	720
Non-controlling interest		—	(70)
Earnings per share for profit attributable to the ordinary equity holders of the Company	11	0.00	0.02
Basic		0.00	0.02
Diluted		0.00	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020	Note	2020 '000	2019 €'000
ASSETS			
Non-current assets			
Goodwill	12	9,270	9,350
Other intangible assets	12	10,096	10,448
Property, plant and equipment	13	11,169	10,353
Other financial assets	24	197	144
Deferred tax assets	10	429	508
Total non-current assets		31,161	30,803
Current assets			
Inventories	14	3,129	2,535
Other financial assets		6	—
Trade and other receivables	15	11,070	7,999
Current tax receivable	15	687	657
Cash and cash equivalents	16	3,600	5,529
Total current assets		18,492	16,720
TOTAL ASSETS		49,653	47,523
Current liabilities			
Trade, deferred income and other payables	18	(15,724)	(15,176)
Current tax liabilities	18	(2,407)	(2,292)
Obligations under leases	17	(2,035)	(1,571)
Borrowings	17	(9,789)	(5,062)
Provisions	19	(356)	(468)
Derivative financial instruments	24	(2)	(14)
Total current liabilities		(30,313)	(24,583)
Net current liabilities		(11,821)	(7,863)
Non-current liabilities			
Obligations under leases	17	(904)	(2,184)
Borrowings	17	(2,572)	(4,915)
Deferred tax liabilities	10	(2,359)	(2,555)
Long-term provisions	19	(19)	(19)
Total non-current liabilities		(5,854)	(9,673)
Total liabilities		(36,167)	(34,256)
Net assets		13,486	13,267
EQUITY			
Share capital	20	106	106
Share premium		7,035	7,035
Retained earnings		5,959	5,707
Translation reserve		(13)	(70)
Capital redemption reserve		114	114
Share based payment reserve		285	375
Equity attributable to owners of the Company		13,486	13,267
Total equity	20	13,486	13,267

The Consolidated financial statements on pages 54 to 57 were approved by the Board of Directors on 23 April 2021 and signed on its behalf by:

REMY MILLOTT
Chief Executive Officer

KEVIN MCNAIR
Chief Financial Officer

Registered Number: 10001363

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	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
Balance at 1 January 2019	106	7,035	5,894	(37)	114	267	13,379	93	(963)	12,509
Acquisition of non-controlling interest (note 21)	—	—	(940)	—	—	—	(940)	(23)	963	—
Credit to equity for share based payments	—	—	—	—	—	108	108	—	—	108
Transactions with owners in their capacity of owners	—	—	(940)	—	—	108	(832)	(23)	963	108
Profit/(loss) for the year	—	—	753	(33)	—	—	720	(70)	—	650
Total comprehensive profit/(loss) for the period	—	—	753	(33)	—	—	720	(70)	—	650
Balance at 31 December 2019	106	7,035	5,707	(70)	114	375	13,267	—	—	13,267
Charge to equity for share based payments	—	—	—	—	—	(90)	(90)	—	—	(90)
Transactions with owners in their capacity of owners	—	—	—	—	—	(90)	(90)	—	—	(90)
Profit for the year	—	—	252	—	—	—	252	—	—	252
Other comprehensive income for the period	—	—	—	57	—	—	57	—	—	57
Total comprehensive income for the period	—	—	252	57	—	—	309	—	—	309
Balance at 31 December 2020	106	7,035	5,959	(13)	114	285	13,486	—	—	13,486

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2020

	Note	2020 '000	2019 €'000
CASH FLOWS FROM OPERATING ACTIVITIES (I)	22	(104)	2,960
- Purchase of intangible assets		(599)	(82)
- Purchase of property, plant and equipment		(2,786)	(739)
- Acquisition of other investments		(53)	—
- Proceeds from disposal of property, plant and equipment		3	92
CASH FLOWS USED IN INVESTING ACTIVITIES (II)		(3,435)	(729)
- Proceeds from obligations under leases		745	—
- Proceeds from bank borrowings and credit facilities		4,206	2,925
- Repayment of obligations under leases		(1,505)	(1,631)
- Repayment of borrowings		(1,836)	(2,927)
- Payments to acquire shares from non-controlling interests		—	(167)
CASH FLOWS USED IN FINANCING ACTIVITIES (III)		1,610	(1,800)
Effect of foreign exchange rate changes (IV)		—	29
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		(1,929)	460
Cash and cash equivalents at the beginning of the year		5,529	5,069
Cash and cash equivalents at the end of the year		3,600	5,529

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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. 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) in conformity with the requirements of the Companies Act 2006 and the interpretations issued by the IFRS Interpretations Committee (IFRS IC).

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 and have been applied consistently.

2.2. Adoption of international financial reporting standards

In the current year, IFRS 1, IFRS 3 and IFRS 9 amendments are effective from 1 January 2020 but they do not have a material effect on the Group's financial statements.

In the year 2019, the Group 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 2019, none of which had a significant effect on the results or net assets of the Group, except for the following:

IFRS 16 "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 as a right-of-use asset either separately or together with property, plant and equipment (criteria applied by the Group). 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). The Group has applied the standard from its mandatory adoption date of

1 January 2019, using the modified retrospective approach and measuring the asset at an amount equal to the present value of the remaining lease payments discounted using an incremental borrowing rate, adjusted by the amount of any prepaid or accrued lease payments and no adjustment has been registered to the opening balances of retained earnings.

The Group has applied the below practical expedients permitted under the modified retrospective approach:

- Exclude leases for measurement and recognition for leases where the term ends within 12 months from date of initial application.
- Apply a single discount rate (incremental borrowing rate) to a portfolio of leases with similar characteristics, based on current rates paid to comparable borrowings.

The impact on the balance sheet as of 1 January 2019 for the adoption of IFRS 16 is summarised as follows:

	IFRS 16 adoption effect '000
Non-current assets: Property, plant and equipment – Right of use asset	2,859
Current liabilities: Lease liabilities	(758)
Non-current liabilities: Lease liabilities	(2,102)

2.3. Going concern

These financial statements have been prepared on a going concern basis, which assumes the Group and parent company will continue to be able to meet their liabilities as they fall due, within 12 months of the date of approval of these financial statements.

The Group has a strong Order Book, and contracted revenue for 2021 in excess of €40m, and initial performance during January and February 2021 has been positive with revenue and EBITDA ahead of our base case forecasts.

The Group meets its day-to-day working capital requirements from cash flows generated from operations and banking facilities.

During the year the Group has undertaken the following in terms of its borrowing facilities:

- In June 2020, the Group entered into an additional new €3 million bank facility with its existing banking Group. These new facilities have a grace period of 12 months, followed by 48 monthly instalments to repay the facility. There are no covenants attached to this facility.
- In March 2021, the Group settled one of its loan agreements with a final payment of €0.9m.
- The existing bank borrowings amount to €4m, which were due for repayment in March 2021. This facility was renegotiated in March 2021 extending the facility to December 2022, requiring four €1m payments every six months commencing in June 2021. There are covenants attached to this facility.

In evaluating the going concern assumption, management prepared a base case profit and loss and cash flow forecasts to June 2022 (the going concern assessment period), including

assessing compliance with borrowing covenants. This forecast based upon the strong contracted Order Book, demonstrates good levels of cash flow headroom and covenant compliance throughout the going concern window. The forecasts include a number of material assumptions, the most significant relating to winning new revenue contracts, the forecasting of the timing the work will be undertaken and the margin that will be achieved on these contracts.

Management have also prepared two severe but plausible downside scenarios, including a c.7% reduction in revenue and a 2% reduction in margin. Under both scenarios, if management took no further action the Group would continue to have sufficient cashflow headroom throughout the going concern assessment period, but the scenarios indicate potential breaches in borrowing covenants.

Management have then overlaid a number of actions within their control they could undertake if business performance was in line with the severe but plausible downside, these include not paying discretionary bonuses, reducing or delaying capital expenditure and delaying the payment of creditors. If management undertook these actions in these severe but plausible downside scenarios, it would result in headroom over the borrowing covenants throughout the going concern window.

In addition, the recent news of the customer Nobiskrug filing for insolvency, as referenced on page 21, increases the risk of revenue delays or cancellation and potential bad debt exposure. Depending on the outcome of the insolvency, these factors taken into account with a severe but plausible downside could result in a breach of covenant that may not be mitigated by management actions. A breach of covenant is an event of default, and would require management to seek a waiver from the Group's lenders, renegotiate the facilities with those lenders or repay the Group's existing lenders and seek sources of alternative funding.

As referenced on page 11, the Group have received an unsolicited approach from one of the Group's major shareholders. The notice indicated that the shareholder is in the preliminary stages of evaluating a possible offer for the entire issued share capital of the business. The Directors have assessed the possible offer which does not constitute a firm intention to make an offer, and have reviewed the potential impact on the Group's going concern assessment if the offer were to progress and complete before June 2022. The Group's main borrowing facility amounting to €4m, includes a change of ownership clause, and if the Group's ownership were to change this would require the Group to seek a waiver for this clause or to repay or refinance these borrowing facilities. If a refinancing were required, the facilities could be under different terms and conditions from the existing facilities.

Given the information available, current trading and orders being received, the Directors are confident that the forecasts will be met, and sufficient liquidity will be available to meet liabilities as they fall due and meet covenant compliance, and therefore believe it is appropriate to prepare the financial statements on a going concern basis. However, these forecasts for which covenant compliance is assessed, include a number of significant assumptions with regards to winning new customer contracts, the forecasting of timing work will be

undertaken and the margin that will be achieved on these contracts. In addition, if the Group's ownership structure were to change which would trigger the need for refinancing, the Group may not have sufficient cash resources to settle the borrowing facility if it were not refinanced, or may not be able to adhere to any changes in terms and conditions of new facilities. These factors indicate the existence of material uncertainties which may cast significant doubt as to the Group's and parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and parent company were unable to continue as a going concern.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.6. Intangible assets

(continued)

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 acquisition 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

The Group recognises revenue based on the consideration to which the Group expects to be entitled in a contract with a customer and following the five-step model defined by the IFRS 15:

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price

2.7. Revenue recognition (continued)

- Step 4: Allocate the transaction price to the performance obligations in the contracts.

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognises revenue from the following activities:

Rendering of services

Revenue is recognised for these services based on the stage of completion. The directors have assessed that 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.
- This is considered a faithful depiction of the transfer of goods and services to the customer as the contracts are initially priced on the basis of anticipated costs to complete the projects and therefore also represents the amount to which the Group would be entitled based on its performance to date.

This input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations established in the contract under IFRS 15.

Sale of goods

The Group sells maintenance materials, consumables, spare parts and equipment to customers through its retail outlets as well as shipping products. For sales of such products to retail customers, revenue is recognised when control of goods has transferred, being at the point the customer purchases the goods at the retail outlet or when the goods have been shipped to the specific location.

2.8. Leases

The Group leases various offices, warehouses and equipment.

As indicated in note 2.2 above, the Group has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting year, as permitted under the specific transition provisions in the standard.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used, being the rate that it would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Until 31 December 2018, leases were classified as finance leases whenever the terms of the lease transferred substantially all the risks and rewards of ownership to the Group. All other leases were classified as operating leases.

Assets held under finance leases were 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 was included in the balance sheet as obligations under finance leases.

Rentals payable under operating leases were 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.

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. These are items that fall outside the normal day to day operations of the business and the Directors believe are unlikely to ever occur again. Examples of items which may give rise to disclosure as exceptional items include restructuring costs if the restructuring involves a fundamental change to the Group's business model and transaction fees if the transaction involves a significant change to the structure or investment case for the Group. See note 6 for further details.

2.10. Adjusted EBITDA

Adjusted Earnings before Interest, Taxation, Depreciation and Amortisation ("Adjusted EBITDA") is a non-IFRS measure used by Directors to assess the operating performance of the Group.

The "Adjusted EBITDA" is also used as a metric to determine management remuneration as well as being measured within the financial covenants calculations.

"Adjusted EBITDA" is defined as operating profit before depreciation and amortisation, impairment, performance share plan and exceptional items.

As a non-IFRS measure, 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.

At each period end date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing on the period end date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the

period, except for exchange differences arising on non-monetary assets and liabilities, except for exchange differences arising on changes in fair value of non-monetary assets and liabilities that are recognised directly in equity.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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.

2.14. Impairment of tangible and intangible assets excluding goodwill (continued)

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 assets

The Group classifies its financial assets as those to be measured at amortised cost.

Recognition and derecognition

Sales of financial assets are recognised when the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value. Transaction costs that are directly attributable to the acquisition of the financial asset are included in the fair value initial assessment of fair value.

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the 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. Cash and cash equivalents

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

2.19. Loans and receivables – long term

Loans and receivables – long term are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

Financial liabilities

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

Derivative financial instruments

The Group enters into interest rate swaps to manage its exposure to interest rate and foreign exchange rates risks.

Derivatives are initially recognised at fair value at the date derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Fair value measurement

All financial instruments for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.20. 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.

2.21. 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.
- 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.

2.22. Share-based payments

Equity-settled share-based payments to employees and other entities 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 payments 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.

2.23. Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received. Grants that compensate the Group for expenses incurred are recognised in the Income statement in the relevant financial statement caption on a systematic basis in the periods in which the expenses are recognised.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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.

Information on the funding position and going concern assessment of the Group is set out in the detail in the Section "Going Concern".

3.2 Key sources of estimation uncertainty

The accounting for long term contracts requires management to apply judgement in estimating the total revenue and total costs expected on each project and also to estimate the stage of completion. Such estimates are revised as a project progresses to reflect the current status of the project and the latest information available to management. Project management teams perform regular reviews to ensure the latest estimates are appropriate.

3.2.1 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.

A 1% decrease in margin on each ongoing long-term contract would change the balance of contract assets/contract liabilities by €614k.

3.2.2 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.

The key assumptions for determining the value in use include the pre-tax discount rate, which has been estimated at 16.25% for the goodwill registered for each of the Coatings and Supply segments (and at 17.25% for ACA Marine, SAS) and a long-term growth rate of 3.0%. 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). Following the impact of the COVID pandemic over the past several months, Management are comfortable that these assumptions are still reasonable. (see note 12)

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.

Any transaction between reportable segments is performed on an arm's length basis.

4.1. Business segments

Segment information about the above businesses is presented below for the year ended 31 December 2020 and 2019:

Year ended 31 December 2020

	Coatings '000	Supply '000	Total reportable segments '000
Revenue	50,760	8,138	58,898
Gross Profit	15,845	2,302	18,147
Adjusted EBITDA	4,033	1,130	5,163
Depreciation and amortisation			(2,995)
Performance share plan			90
Exceptional items			(1,025)
Operating Profit			1,233
Finance costs			(1,050)
Profit before tax			185

Year ended 31 December 2019

	Coatings '000	Supply '000	Total reportable segments '000
Revenue	53,718	10,109	63,827
Gross profit	12,731	2,254	14,985
Adjusted EBITDA	3,628	880	4,508
Depreciation and amortisation			(2,808)
Performance share plan			(108)
Exceptional items			(333)
Operating profit			1,259
Gain on financial instruments			379
Finance costs			(810)
Profit before tax			828

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

At 31 December 2020 and 2019 the Group has the following specific assets allocated to the business segments:

31 December 2020

	Coatings '000	Supply '000	Total reportable segments '000
Goodwill	8,422	848	9,270
Inventories	814	2,315	3,129
Trade and other receivables	10,436	1,320	11,757
Trade, deferred income and other payables	(14,548)	(3,584)	(18,131)

31 December 2019

	Coatings '000	Supply '000	Total reportable segments '000
Goodwill	8,502	848	9,350
Inventories	157	2,378	2,535
Trade and other receivables	7,493	1,163	8,656
Trade, deferred income and other payables	(14,041)	(3,427)	(17,468)

Assets, including PPE and certain intangibles, are used across the Group and are not, therefore, attributable to any specific segment.

4.2. Geographical location

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 2020 '000	Year ended 31 December 2019 €'000
Spain	25,148	31,434
United Kingdom	628	128
Rest of Europe	24,239	23,659
Rest of World	8,883	8,606
	58,898	63,827

At 31 December 2020 the Group has non-current assets allocated to Europe and "Rest of the World" for an amount of €29,415 thousand and €1,986 thousand, respectively (€28,591 thousand and €2,212 thousand, respectively, at 31 December 2019).

4.3. Information about major customers

There are no revenues from transactions with individual customers which contribute 10% or more to the Group's revenue for the period ended 31 December 2020. For the year ended 31 December 2019 there was one relevant customer whose revenues contributed 10% or more to the Group's revenue, related to the Coatings segment and representing a total amount of €7,636 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. OPERATING PROFIT

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

	Year ended 31 December 2020 '000	Year ended 31 December 2019 €'000
Net foreign exchange (losses)/gain	(15)	27
Depreciation of property, plant and equipment	(1,996)	(1,861)
Amortisation of intangible assets	(969)	(947)
Leases (see note 13)	(883)	(285)
Gain/(losses) on disposals	38	209
Impairment on trade receivables	(32)	(76)
Cost of materials	(11,341)	(12,776)
Staff costs (see note 8)	(20,400)	(20,678)

6. EXCEPTIONAL ITEMS

	Year ended 31 December 2020 '000	Year ended 31 December 2019 €'000
Covid-19	(812)	—
Restructuring costs	(213)	(333)
	(1,025)	(333)

Excluding the impact of the exceptional items shown above, the operating profit for 2020 was €2,258 million.

Covid-19

During 2020, the Group incurred significant costs that were a direct result of the COVID pandemic. These costs fall into three broad categories: new costs, incremental employee related costs and additional non-employee costs. The Group also benefited from a government backed program in the USA. These COVID related costs and benefit have been treated as exceptional.

The Group's workforce is highly mobile, regularly moving between countries, shipyards and ships, mingling with significant numbers of other people, and working in close proximity. The pandemic meant that they operate in an environment where there were significant new burdens in terms of personal protective equipment, social distancing and testing. Travel was significantly disrupted and then affected by the varying social distancing measures required by different countries and shipyards.

New costs

In response to the pandemic, the Group incurred new costs for products and services that it had to procure which were not part of ordinary trading. These included testing (PCR, lateral flow, blood tests, etc.), PPE for the parts of the workforce that had not previously required it, screens to provide protective environments within offices and other workplaces. Environmental cleaning services intended to sterilize work areas were utilised in certain environments. These costs totalled €105,438 during 2020.

Additional workforce costs

The largest impact on employee related costs during 2020 was driven by the use of quarantine to try and reduce infection rates. The Group's highly mobile workforce was required to regularly quarantine upon entering a country, before entering a shipyard or upon returning to Spain. Positive tests for infection of one team member frequently led to whole teams being quarantined for up to two weeks. In these scenarios the Company was required to bring in additional flexible labour to maintain production schedules while employees and existing sub-contractors were quarantined. To mitigate the costs of quarantine, the Group offered incentives to employees while travelling to stay abroad for longer periods and avoid having to quarantine as frequently.

The overall impact of these employee related costs was an increase in manpower of €425,696. This does not include the costs of employees who became ill with COVID which were treated as ordinary employee expenses.

Additional non-employee costs

Following the introduction of social distancing as a way to try and reduce infection rates, the Group had to significantly alter its working protocols. Where previously, we had been able to rent space within shipyards for storage or changing facilities, we suddenly had to increase this space to ensure reduced worker density.

Most seriously impacted by these changes were the Group's travel arrangements. Where previously, we could accommodate four employees in an apartment on a project, we had to reduce this number to two, effectively doubling the accommodation costs on the project. When moving workers to countries, shipyards accommodation, we had to reduce occupancy levels in vehicles by at least 50%.

During parts of March and April, two significant shipyards where the Group operates were shut completely. During this time, the Group sent their workforce home but was required by the shipyards to provide full-time security within the yard to meet health, safety and environmental requirements.

Combined, these non-employee related costs totalled €542,465 during 2020.

Loan Forgiveness

In the USA, a government funded support programme known as the Paycheck Protection Program (PPP) was put in place in 2020 in response to COVID. Under the terms of the PPP, companies could take out a loan principally for the purposes of maintaining existing employment levels. Under certain conditions, the loan would subsequently be forgiven. In August 2020, Pinmar USA received €400,159 as part of PPP. The Company was subsequently determined to have met the conditions of the program and the loan was forgiven. The has been offset against exceptional COVID costs.

Restructuring costs

Restructuring costs for the year 2020 and 2019 were part of a group-wide cost saving plan which included redundancies and other costs associated with reorganisation and restructuring of certain parts of the Group.

The tax effect of the above exceptional costs amounted to €213 thousand for the year ended 31 December 2020 (€72 thousand for the year ended 31 December 2019).

7. AUDITORS' REMUNERATION

The fees for audit and non-audit services provided by the auditors of the Group's consolidated financial statements and of certain individual financial statements of the consolidated companies, PricewaterhouseCoopers LLP, and by companies belonging to PricewaterhouseCoopers's network, were as follows:

	Year ended 31 December 2020 '000	Year ended 31 December 2019 €'000
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	85	75
Fees payable to the Company's auditors for the audit of Company's subsidiaries	122	108
Fees payable to the Company's auditors for prior year variations	108	—
Fees payable to the Company's auditors for other services:		
Other related assurance services	67	51
Other non-audit services	32	21
	414	255

8. STAFF COSTS

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

	Year ended 31 December 2020	Year ended 31 December 2019
Senior Management	12	13
Sales & Administration	91	81
Production	292	296
	395	390

Their aggregate remuneration comprised:

	Year ended 31 December 2020 '000	Year ended 31 December 2019 €'000
Wages	16,345	16,697
Social security costs	4,055	3,981
	20,400	20,678

Directors' emoluments:

	Year ended 31 December 2020 '000	Year ended 31 December 2019 €'000
Directors' emoluments		
Salaries, fees and bonus (*)	868	1,136
Performance share plan costs	194	88
Highest paid Director		
Salaries, fees and bonus	263	359
Performance share plan costs	105	48

(*) In the year ended 31 December 2019, as a consultant, Kevin McNair also received payment of €121,900 in respect of his role as Interim Chief Financial Officer.

The performance share plan costs detailed in the above table correspond to the expense registered during the year. No share options have been exercised in 2020 and 2019.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. FINANCE COSTS

	Year ended 31 December 2020 '000	Year ended 31 December 2019 €'000
Interest on bank overdrafts and loans	880	331
Unwinding of capitalised loan issue costs (note 17)	—	305
Interest on obligations under leases	19	83
Other financial costs - net	151	91
	1,050	810

10. TAX

10.1 Tax recognised in profit or loss

	Year ended 31 December 2020 '000	Year ended 31 December 2019 €'000
Corporation Tax		
Current year	(47)	(55)
Prior years	—	—
	(47)	(55)
Deferred tax		
Timing differences	196	157
Tax losses	(80)	(247)
	116	(90)
Total	69	(145)

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.

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

	Year ended 31 December 2020 '000	Year ended 31 December 2019 €'000
Profit/(Loss) before tax from continuing operations	183	828
Tax at the Spanish corporation tax rate (25%)	(46)	(207)
Overseas tax differences	32	6
Tax effect of incomes/(expenses) that are not considered in determining tax profit	77	3
Utilisation of previously unrecognised losses	—	82
Other differences	6	(29)
Total	69	(145)

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 2020

	Opening Balance '000	Recognised in profit or loss '000	Other '000	Closing Balance '000
Property, plant & equipment	74	34	—	108
Tax losses	1,224	(115)	—	1,109
Intangible and tangible assets	(3,345)	197	—	(3,148)
Net	(2,047)	116	—	(1,929)
Deferred tax assets	508	(80)	—	429
Deferred tax liabilities	(2,555)	196	—	(2,359)

31 December 2019

	Opening Balance '000	Recognised in profit or loss '000	Other '000	Closing Balance '000
Property, plant & equipment	114	(40)	—	74
Tax losses	1,471	(247)	—	1,224
Intangible and tangible assets	(3,542)	197	—	(3,345)
Net	(1,957)	(90)	—	(2,047)
Deferred tax assets	261	(25)	272	508
Deferred tax liabilities	(2,218)	(65)	(272)	(2,555)

The deferred tax assets have been offset against the deferred tax liabilities recognised in the same tax jurisdictions that are expected to unwind against the same taxable income. Deferred tax assets are calculated at the existing tax rates for the specific jurisdiction where the losses have occurred.

The deferred tax assets from tax losses are related to tax losses from Spain and other countries like France and United States with no time limit for their application.

	31 December 2020 '000	31 December 2019 €'000
Between two and five years	—	—
More than five years	1,109	1,224
	1,109	1,224

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

	31 December 2020 '000	31 December 2019 €'000
Tax losses	242	251
	242	251

11. EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY

From continuing operations

Adjusted basic earnings are presented to eliminate the effect of the exceptional items, amortisation and impairment of intangible assets, gains on financial instruments and performance share plan costs (considering the tax effect of these adjustments):

	Year ended 31 December 2020 '000	Year ended 31 December 2019 €'000
Earnings attributable to shareholders	252	753
Amortisation of intangible assets and depreciation of tangible assets	2,995	2,808
Performance share plan	(90)	108
Exceptional items	1,025	333
Tax effect of above adjustments	(1,297)	(1,056)
Adjusted basic earnings	2,886	2,946

Basic earnings per share are calculated by dividing net profit 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 profit per share have been calculated on a similar basis taking into account dilutive potential shares under the agreements disclosed in note 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY (CONTINUED)

	Year ended 31 December 2020	Year ended 31 December 2019
Earnings for the period attributable to shareholders (€'000)	252	753
Weighted average number of shares	46,640,000	46,640,000
Basic earnings per share (€)	0.00	0.02
Adjusted basic earnings per share (€)	0.07	0.06
Dilutive weighted average number of shares	47,987,728	47,777,975
Diluted earnings per share (€)	0.00	0.02
Adjusted diluted earnings per share (€)	0.07	0.06

12. GOODWILL AND INTANGIBLE ASSETS

Goodwill

	Goodwill '000
Cost	
At 1 January 2019	9,333
Exchange differences	17
At 31 December 2019	9,350
Exchange differences	(80)
At 31 December 2020	9,270
Carrying amount	
At 31 December 2020	9,270
At 31 December 2019	9,350

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 has been allocated as follows:

	31 December 2020 '000	31 December 2019 €'000
Coatings		
Supply	8,422	8,502
	848	848
	9,270	9,350

Other intangible assets

	Customer relationships, brands and backlog '000	Software '000	Total '000
Cost			
At 1 January 2019	15,233	220	15,453
Additions	—	82	82
At 31 December 2019	15,233	302	15,535
Additions	—	617	617
At 31 December 2020	15,233	919	16,152
Accumulated amortisation			
At 1 January 2019	3,992	148	4,140
Charge of the period	923	24	947
At 31 December 2019	4,915	172	5,087
Charge of the period	922	47	969
At 31 December 2020	5,837	219	6,056
Carrying amount			
At 31 December 2020	9,396	700	10,096
At 31 December 2019	10,318	130	10,448

Impairment reviews

The Group performs an annual impairment review for goodwill and other intangible assets, or more frequently if there are indications that these might be impaired.

Testing is carried out by allocating the carrying value of these assets to cash-generating units (CGUs) and determining the recoverable amounts of those CGUs. The recoverable amount is the higher of the fair value minus the costs of selling and its value in use. Value in use calculations are based on cash-flow discounting methods.

The discounted cash-flows are calculated based on 3-year projections of the budgets approved by the Board of Directors. 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 value in use include the pre-tax discount rate, which has been estimated at 16.25% for the goodwill registered for each of the Coatings and Supply segments (and at 17.25% for ACA Marine, SAS) and a long-term growth rate of 3.0%. 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). Following the impact of the COVID pandemic over the past several months, Management are comfortable that these assumptions are still reasonable.

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the Group of CGUs to which goodwill and other intangible assets are allocated.

As part of this scenario analyses, the Directors considered the impact on the recoverable amounts of the assets based upon the following changes to the two key assumptions set out above for both of the periods under review:

- Long-term growth rate: reduced from 3.0% to 2.0%
- Pre-tax discount rate: increased from 16.25% to 20.0%

If we reduce the long-term growth rate by 1% and increase the pre-tax discount rate by 4.75% the level of headroom would decrease by €10.1 million.

Under neither of these scenarios did the recoverable amounts fall below or anywhere near the carrying value of the assets. As a result of this analysis, the Directors believe that any reasonably possible change in the key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. PROPERTY, PLANT & EQUIPMENT

	Property '000	Plant and equipment '000	Other plant, tools, and furniture '000	Other tangible assets '000	Total '000
Cost					
At 1 January 2019	2,613	1,951	3,613	9,870	18,047
Additions	57	258	267	157	739
IFRS 16 – Right of use assets – Additions	3,380	—	—	—	3,380
Disposals	(108)	(1)	(136)	(32)	(277)
Exchange differences	—	3	(1)	1	3
At 31 December 2019	5,942	2,211	3,743	9,996	21,892
Reclassifications	47	28	(61)	(14)	—
Additions	71	203	127	2,386	2,786
IFRS 16 – Right of use assets – Additions	516	—	—	—	516
Disposals	—	(12)	(11)	(343)	(366)
IFRS 16 – Right of use assets – Disposals	(392)	—	—	—	(392)
Exchange differences	—	(40)	(1)	(9)	(50)
At 31 December 2020	6,184	2,390	3,796	12,016	24,387
Accumulated amortisation					
At 1 January 2019	1,029	1,207	2,731	4,902	9,869
Charge for the year	85	182	176	496	939
IFRS 16 – Right of use assets – Charges	922	—	—	—	922
Disposals	(57)	—	(104)	(32)	(193)
Exchange differences	—	2	—	—	2
At 31 December 2019	1,979	1,391	2,803	5,366	11,539
Charge of the period	112	200	208	594	1,114
IFRS 16 – Right of use assets – Charges	882	—	—	—	882
Disposals	—	(11)	(11)	(326)	(348)
Exchange differences	—	26	—	4	30
At 31 December 2020	2,974	1,607	3,000	5,637	13,218
Carrying amount					
At 31 December 2019	3,963	820	940	4,630	10,353
At 31 December 2020	3,211	783	796	6,379	11,169

Property, plant and equipment consists of different categories of tangible assets which are used across the Group in the delivery of goods and services. Other tangible assets consist primarily of scaffolding equipment.

The main additions for the year ended 31 December 2020 and 2019 correspond to the acquisition of machinery and other equipment.

During 2020, the Group conducted a sensitivity analysis which results that a change of a 1% in the borrowing rate would have the following impact on the Group financial statements:

Leases

This note provides information for the leases where the Group is a lessee. The amounts recognised in the balance sheet are as follows:

	31 December 2020 '000	31 December 2019 €'000
Non-current assets: Property, plant and equipment – Right of use asset	2,906	3,600
Current liabilities: Lease liabilities	(2,035)	(1,571)
Non-current liabilities: Lease liabilities	(904)	(2,184)

The following table sets out a maturity analysis of lease payments related to IFRS16, showing the undiscounted lease payments to be received after the reporting date. In order to see information about obligations under leases reference to note 17.2

In thousands of euro	2020	2019
Less than a year	1,004	981
One to five years	717	1,656
More than five years	—	28

During 2020, the Group conducted a sensitivity analysis which results that a change of a 1% in the incremental borrowing rate would have the following impact on the Group financial statements:

	Year ended 31 December 2020 '000	
31 December 2020		
Balance Sheet		
Increase/(decrease) in Right of Use assets	1%	3%
Increase/(decrease) in lease liabilities	24	(24)
Profit for the year	9	(9)
Increase/(decrease) in depreciation	(3)	3

14. INVENTORIES

	31 December 2020 '000	31 December 2019 €'000
Raw materials	894	187
Goods for resale	2,235	2,348
	3,129	2,535

The cost of inventories recognised as an expense during the year amounted to €11,341 thousand (€12,776 thousand in 2019).

15. TRADE AND OTHER RECEIVABLES

	31 December 2020 '000	31 December 2019 €'000
Trade receivables	5,798	6,561
Contract assets	4,018	1,128
Other receivables	1,254	310
Tax receivables	687	657
	11,757	8,656

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 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 2020 '000	31 December 2019 €'000
Amount receivable not past due	1,235	4,352
Amount receivable past due but not impaired	4,563	2,209
Amount receivable impaired (gross)	216	222
Less impairment	(216)	(222)
	5,798	6,561

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 2020 '000	31 December 2019 €'000
<60 days	4,240	948
61-90 days	73	679
>91 days	250	582
	4,563	2,209

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	31 December 2020 '000	31 December 2019 €'000
Balance at the beginning of the year	(222)	(146)
Transfer	(29)	(44)
Amounts written off during the year as uncollectible	29	44
Impairment losses (recognised)	(32)	(76)
Amounts recovered during the year	38	—
	(216)	(222)

Contract assets

The contract assets primarily relate to the Group's right to consideration for construction work completed but not invoiced at the balance sheet date. The contract assets are included within the caption "Trade and other receivable". The balance increased during the year by €2.9 million as the Group has work more during the period than amount billed which is reflected in the increase in trade receivables.

16. CASH AND CASH EQUIVALENTS

	31 December 2020 '000	31 December 2019 €'000
Cash and cash equivalents	3,600	5,529
	3,600	5,529

Cash and cash equivalents 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 AND OBLIGATIONS UNDER LEASES

	31 December 2020 '000	31 December 2019 €'000
Syndicated loan	4,918	6,788
ICO loan	3,000	—
Capitalised costs - net	(109)	(313)
Revolving credit facility	1,311	527
Factoring facility	3,179	2,714
Other financial liabilities	63	261
Total borrowings	12,361	9,977
Amount due for settlement within 12 months	9,789	5,062
Amount due for settlement after 12 months	2,572	4,915

The difference in capitalised costs - net set out above and the figure in note 9 relates to fees charged to the Group by the banks for a modification of the syndicated loan facility.

	31 December 2020 '000	31 December 2019 €'000
Obligations under leases	2,939	3,755
Total obligations under leases	2,939	3,755
Amount due for settlement within 12 months	2,035	1,571
Amount due for settlement after 12 months	904	2,184

17.1 Summary of the borrowing arrangements

Syndicated loan

On 3 March 2016, the Group subsidiary, Hemisphere Coating Services, S.L.U., signed a syndicated loan agreement with three financial institutions, 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 maturing at the end of the contract on March 2021 (see note 2.3).

Both facilities bear interest at EURIBOR +3%.

The loan requires compliance with certain financial covenants. At 31 December 2020, considering the underperformance a waiver has been signed with the financial institutions for the whole period. For the year ended at 31 December 2020 the Group have obtained a waiver for financial covenants.

ICO Loan

On 29 June 2020, the Group entered into floating rate syndicated financing agreements of €3.0 million of new borrowing facilities through the Spanish government's ICO loan facility. The ICO in Spain guarantees 70 per cent of the value of loans.

Under the terms of these ICO loans, there is no repayment during the twelve months following execution and the outstanding balance is repaid over the subsequent 48 months via equal monthly payments.

The ICO facilities bear interest at 4%. The amount drawn on 31 December 2020 was €3.0 million.

Additionally, the Group has at its disposal:

- Revolving credit facilities up to €2.0 million.
- Factoring and discounting facilities up to €12.5 million.
- Bank guarantees up to €4.3 million, of which €2.5 million were drawn as of 31 December 2020.

As a result of the above agreements, at year end the Group has bank facilities totalling €14.5 million of which €7.8 million were drawn and €6.7 million were undrawn as of 31 December 2020.

17.2 Obligations under leases

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short term and low-value leases, see note 13 for further information.

As of 31 December 2020, the Group had the following minimum lease payments due to lessors in accordance with current contracts in place:

	Minimum lease payments
	As at 31 December 2020 '000
Amounts payable under Obligations under leases:	
Within one year	2,035
In the second to fifth years inclusive	904
After five years	0
	2,939

As of 31 December 2019, the Group had the following minimum finance lease payments due to lessors (including, where applicable, the purchase options) in accordance with current contracts in place:

	Minimum lease payments
	As at 31 December 2019 '000
Amounts payable under Obligations under leases:	
Within one year	1,571
In the second to fifth years inclusive	2,156
After five years	28
	3,755

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. TRADE AND OTHER PAYABLES

	31 December 2020 '000	31 December 2019 €'000
Trade payables	12,020	9,231
Contract liabilities – Deferred income	3,639	5,372
Wages and salaries	2	573
Tax payables	2,470	2,292
	18,131	17,468

Under the caption "Contract liabilities – Deferred income" are contractual advances from customers related to on-going and future projects. This number decreased by €1,733 thousands as the Group received less in deposits from clients during the period than it did in 2019. As revenue is recognised in relation to these contracts, the liability is decreased by an equal amount until the liability is fully extinguished.

Trade average credit period taken for trade purchases is established between 30 and 60 days. 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.

19. PROVISIONS

	'000
At 1 January 2019	1,168
Charge for the year	119
Released	(800)
At 31 December 2019	487
Charge for the year	271
Released	(383)
At 31 December 2020	375
Current	356
Non-current	19

	31 December 2020 '000	31 December 2019 €'000
Guarantee provision	356	468
Legal and tax provision	19	19
Contractual claims	—	—
	375	487

As of 31 December 2020, the Group has a current provision amounting to €356 thousand (2019: €468 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 2018, the Group had a non-current provision of €800 thousand relating to contractual claims made by a shipyard against the Group in relation to a refit project that the Group undertook. The Group also had a receivable for €800 thousand from the paint manufacturer that provided the paint that was used in the project that was subject to the claim. In February 2020, the Group signed a settlement agreement with the shipyard which had made the claim. Under the terms of the settlement, the claim against the Group was dropped and the Group undertook to drop the claim against the paint manufacturer. The Group also undertook to repaint the vessel which was the subject of the claim at some point within the next five years on commercial terms which the Directors to believe to be acceptable.

At 31 December 2020 the Group and its legal advisers consider that the provisions recorded are sufficient for covering future obligations.

20. EQUITY

At 31 December 2019 and 2020 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.

No dividend was declared or paid during the year ended 31 December 2020.

At 31 December 2020 the Group registered a share based payment reserve amounting to €286 thousand based on the agreements disclosed in note 23.

21. ACQUISITIONS

On 30 June 2019, the Group completed the acquisition of ACA Marine, SAS, acquiring the remaining 30% from Atko, SARL of the issued share capital for an amount of €167 thousand. This agreement included the cancellation of the Put and Call Option Agreement that was in place, and therefore those balances related to the ACA Put Option registered under the captions "Put option reserve" and "Other financial liabilities" in the prior year were adjusted, generating a gain of €379 thousand.

22. NOTES TO THE CASH FLOW STATEMENT

	2020 '000	2019 €'000
Profit/(loss) for the year before tax	183	828
- Depreciation and amortisation	2,995	2,808
- Performance share plan	(90)	108
- Gain on financial instruments	—	(379)
- Finance costs	1,050	810
- Exchange differences	—	(27)
Adjustments to profit/(loss)	3,955	3,320
- Decrease in inventories	(594)	12
- (Increase)/decrease in trade and other receivables	(2,682)	(549)
- Increase in trade and other payables	554	520
Changes in working capital	(2,722)	(17)
- Interest paid	(1,050)	(491)
- Income tax paid	(470)	(680)
Other cash flows used in operating activities	(1,520)	(1,171)
CASH FLOWS FROM OPERATING ACTIVITIES	(104)	2,960

23. SHARE-BASED PAYMENTS*Performance Share Plan*

The Company 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.

In 2020, the 2017 plan has been cancelled because the performance conditions have not been satisfied.

The Company established a Performance Share Plan (the "PSP") for Directors and other selected senior management, which was adopted by the Board on 18 August 2020.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. SHARE-BASED PAYMENTS (CONTINUED)

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 2019	257,950	0.2
Outstanding at 31 December 2019	557,334	0.2
Granted during the year	518,822	0.2
Cancelled during the year	(259,569)	—
Outstanding at 31 December 2020	816,587	0.2

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

	2019 PSP	2020 PSP
Share price at grant date (pence)	63.5	150
Exercise price (pence)	0.2	0.2
Option life (years)	3	3
Risk-free interest rate (%)	0.63%	0.63%
Expected volatility (%)	77.5%	66.7%
Expected dividend yield (%)	5.6%	0%

Expected volatility was determined by calculating the historical volatility of the Group's share price since the Company was admitted to the AIM Market.

In 2020 the Group has recognised a credit amounting to €90 thousand for these plans. In 2019 the Group recognised an expense amounting to €108 thousand for this plan.

Warrant

The Company 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 31 December 2019	466,400	105
Outstanding at 31 December 2020	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 recognised an expense amounting to €92 thousand for this warrant.

24. 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 Directors regularly review the working capital forecasts of the Group to understand the impact of Group performance and outside factors, such as the COVID pandemic, on the liquidity position of the Group. Where necessary, the Directors alter the balance of different types of equity that the Group can access.

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 2020 '000	31 December 2019 €'000
Financial assets		
<i>At amortised cost</i>		
Cash and other financial assets (note 16)	3,600	5,529
Loans and receivables – long term	197	144
Trade and other receivables (note 15)	11,756	8,656
	15,553	14,329
Financial liabilities		
<i>At amortised cost</i>		
Amortised cost – borrowings (note 17)	9,203	7,002
Finance lease liabilities (note 17)	24	—
Obligations under leases (note 17)	2,939	3,755
Other financial liabilities (note 17)	38	36
Liabilities under factoring facilities	3,179	2,714
Trade, deferred income and other payables (note 18)	18,084	17,468
<i>At fair value through P&L</i>		
Derivative instruments not designated hedge accounting relationships	2	14
	33,469	30,989

The carrying value of all financial assets and financial liabilities equate to the fair value.

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 arises from cash and cash equivalents and credit exposure to customers, including outstanding receivables. Credit risk is managed on a group basis.

For banks and financial institutions, only those with a Moody's rating of AAA (or equivalent) or with which the Group has an existing borrowing relationship are accepted.

Clients within the Coatings sector are either ultra-high net worth individuals, the companies through which they own their boats or shipyards that act as main contractors on behalf of the boat owners. The credit risk of the first two categories is extremely low. The risk is also mitigated by the fact that the Group has to complete a project before the owner can use the vessel again. The staged payments typical in these types of contracts means that there is very little exposure to unpaid receivables by the end of a project.

The Group regularly reviews the credit ratings of each shipyard with whom in contracts to understand any potential credit risk associated with them. Individual risk limits are set based on external ratings in accordance with limits set by the board.

Credit exposure within the supply business comprises trade receivables with yachts and their owners which are described above. Trade customers (e.g. not yachts) have individual credit limits based on public ratings and payment history. The compliance with credit limits by Supply customers is regularly monitored by line management. For some trade receivables the Group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Group's treatment of bad debts and potential bad debts during the periods under review for trade and other receivables, including an analysis of past due amounts, is set out in note 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash and equivalents and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

At the end of the reporting period, the Group held cash and cash equivalents of €3.6 million (2019: €5.5 million) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is carried out by management at Group level.

In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against external regulatory requirements and maintaining debt financing plans.

Financing arrangements

The Group had access to €14.5 million of working capital facilities at 31 December 2020. The Group's working capital facilities are subject to annual review and renewal.

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for: all non-derivative financial liabilities and net settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Contractual maturities of financial liabilities at 31 December 2020	Less than 12 months '000	Greater than 12 months '000	Carrying amount '000
Non-derivatives			
Trade payables	18,084	—	18,084
Borrowings	4,346	2,627	6,973
Liabilities under factoring facilities	3,179	—	3,179
Lease liabilities	2,035	904	2,939
Total	27,644	3,531	31,175
Derivatives			
Interest rate swap	2	—	2
Total	2	—	2

Contractual maturities of financial liabilities at 31 December 2019	Less than 12 months '000	Greater than 12 months '000	Carrying amount '000
Non-derivatives			
Trade payables	17,468	—	17,468
Borrowings	5,062	4,915	9,977
Liabilities under factoring facilities	2,714	—	2,714
Lease liabilities	1,571	2,184	3,755
Total	26,815	7,099	33,914
Derivatives			
Interest rate swap	14	—	14
Total	14	—	14

3. Currency risk

The Group operates primarily in euro and US Dollar. The Group mitigates the risk by incurring costs in currencies matching its revenues. Any remaining transactional foreign currency exposure is not considered to be material and is not hedged. As at 31 December 2020, the Group had not derivative contracts for currency hedging purposes.

4. Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group's management focusses 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.

4.1. Interest rate risk

As of 31 December 2020 and 2019, the main borrowing corresponds to the syndicated loan which bear a variable interest.

4.1.1. Sensitivity analysis:

A change of a 0.5% in interest rates would have the following impact on the Group financial statements:

	Year ended 31 December 2020 '000	Year ended 31 December 2019 €'000
Profit for the year		
Increase in rates	(39)	(37)
Decrease in rates	39	37

This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date. This analysis also assumes that all other variables remain constant and considers the effect of financial instruments with variable interest.

5. Capital management

The primary objective of the Group's capital management is to ensure that it has the capital required to operate and grow the business at a reasonable cost of capital without incurring undue financial risks. The syndicated loan also requires compliance with certain financial covenants. For the year ended at 31 December 2020 the Group have obtained a waiver for financial covenants.

25. 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.U.	Holding	Global Building. Muelle Viejo. Palma de Mallorca. Spain.	100%
Hemisphere Yachting Services, S.L.U.	Holding	Global Building. Muelle Viejo. Palma de Mallorca. Spain.	100%
Hemisphere Coating Services, S.L.U.	Coatings	Global Building. Muelle Viejo. Palma de Mallorca. Spain.	100%
Hemisphere Central Services, S.L.U.	Central Services	Global Building. Muelle Viejo. Palma de Mallorca. Spain.	100%
Pinmar Yacht Supply, S.L.	Supply	Camino Escollera, 5. Palma de Mallorca. Spain	100%
Pinmar USA, Inc.	Coatings	Avenue 2010. Riviera Beach. FL 33404. USA.	100%
Global Yachting Group, Ltd	Coatings	Station Road 55. Buckinghamshire. UK.	100%
ACA Marine, Ltd	Holding	Cannon Place 78. Cannon Street. London. UK.	100%
Hemisphere Yachting Services, GmbH	Coatings	Lehmweg 17, 20251 Hamburg. Germany.	100%
Hemisphere Coating Services, B.V.	Coatings	Herikerbergweg 238. 1101CM Amsterdam. Netherlands.	100%
Hemisphere Coating Services, S.A.S. (previously ACA Marine, SAS)	Coatings	46 Quai Francois Mitterrand. 13600 La Ciotat. France.	100%

The Group financial statements incorporate the financial statements of the parent Company, GYG plc and the above subsidiaries.

For the year ending 31 December 2020 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	Coatings	9533209	100%
ACA Marine, Ltd	Holding	10649007	100%

26. RELATED PARTY TRANSACTIONS

Services provided	Year ended 31 December 2020 '000	Year ended 31 December 2019 €'000
Global Yacht Finishing, S.L.	41	49
	41	49
Services received		
AKC Management Services, Ltd.	183	199
Quoque Ltd.	316	181
Global Yacht Finishing, S.L.	329	357
	828	737

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. RELATED PARTY TRANSACTIONS (CONTINUED)

GYG leases offices from Global Yacht Finishing, S.L. (Rupert Savage is a director of both GYG and Global Yacht Finishing).

Quoque Ltd (Company owned by a close family member of the Chief Executive Officer) has provided consulting services in relation to ERP design and implementation. These services are reviewed and approved prior to commencement by the non-executive directors. In addition to the amounts listed above for services received, the Group reimbursed or paid for various accommodation and travel expenses of €34 thousand in 2020 (€23 thousand in 2019) for Quoque employees in the performance of those services.

During the year GYG contracted with AKC Management Services Ltd. for the provision of management services amounting to €183 thousand, of which there were no amount outstanding at the year end (Kevin McNair is a Director of both GYG and AKC Management Services Ltd). Kevin McNair did not receive a salary from GYG.

All these transactions were undertaken on an arm's length basis and on normal commercial terms. The Directors who are independent of any related party review the commercial terms of any contract or transaction prior to the Group entering into the relevant contract. They base their decisions upon prior commercial experience and, when necessary, outside advice.

Balances	31 December 2020 '000	31 December 2019 €'000
Atko S.A.R.L.	—	—
AKC Management Services Ltd.	—	(47)
Quoque Ltd.	(25)	—
Global Yacht Finishing, S.L.	(92)	(29)
	(117)	(76)

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 2020 '000	Year ended 31 December 2019 €'000
Salaries, fees and bonus	868	1,136

The above amounts include "salaries, fees and bonus" paid in £ amounting to £150 thousand in 2019 and 2020.

In the year ended 31 December 2019, as a consultant, Kevin McNair also received payment of €121,900 in respect of his role as Interim Chief Financial Officer.

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

27. POST BALANCE SHEETS EVENTS

In February 2021, the Group repurchased shares with a value of £490.

In March 2021, the Group amended its borrowing facilities with its existing lenders. Under the terms of the amended agreement, Facility B, which was due to be repaid in March 2021, is now repayable in four tranches of €1.0 million starting in June 2021 and ending in December 2022. Facility A was repaid in early April 2021. As part of the amendment, an additional €1.0 million of revolving credit, factoring and discounting facilities were made available to the Group.

On 9 April 2021, the Group was notified that one of the Company's major shareholders, Harwood Capital, was in the preliminary stages of evaluating a possible offer for the entire issued and to be issued share capital of the Company. As of today, Harwood has made no further announcements in relation to this possible offer. Following publication of these results, it is the Board's intention to engage with independent shareholders to appraise them further of the current trading and prospects for GYG. When we have feedback from independent shareholders in relation to the Group's prospects and their attitude towards the unsolicited possible offer, we will make a further announcement.

On 12 April 2021, the Group was informed that Nobiskrug shipyard in Germany, where it was working on three projects, had entered into an insolvency process to allow it to restructure itself. The Group's existing financial exposure to this yard at the time of this announcement was €2.8 million (excluding VAT; all of which relate to 2021). Subsequent discussions with the ultimate owners of the projects in this yard lead the Directors to remain confident that the projects will all be completed and most, if not all, of the outstanding amount will be recovered in due course. No allowance for impairment has been made in these consolidated financial statements.

No other events have occurred after 31 December 2020 that might significantly influence the information reflected in these consolidated financial statements.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 '000	2019 €'000
Non-current assets			
Investment in subsidiary	3	12,353	12,443
Long-term receivables from Group companies	5	4,059	4,059
		16,412	16,502
Current assets			
Short-term receivables from Group companies		1,025	993
Trade and other receivables		24	37
Cash at bank and in hand		109	65
		1,158	1,095
Total assets		17,570	17,597
Current liabilities			
Trade and other payables		(472)	(388)
Derivative financial instruments		—	—
Total current liabilities		(472)	(388)
Net current assets		686	707
Total liabilities		(472)	(388)
Net assets		17,098	17,209
Equity			
Share capital	6	106	106
Share premium		7,035	7,035
Retained earnings/(deficit)		9,558	9,579
Capital redemption reserve		114	114
Share based payment reserve		285	375
Equity attributable to owners of the Company		17,098	17,209
Total equity		17,098	17,209

The Parent Company loss for the year was €21 thousand (income of €338 thousand in 2019).

The financial statements on pages 83 and 84 were approved by the Board of Directors on 23 April 2021 and signed on its behalf by

REMY MILLOTT
Chief Executive Officer

KEVIN MCNAIR
Chief Financial Officer

Registered Number: 10001363

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share capital '000	Share premium '000	Retained earnings '000	Capital redemption reserve '000	Share based payment reserve '000	TOTAL '000
Balance at 1 January 2019	106	7,035	9,241	114	267	16,763
Total comprehensive income for the year	—	—	338	—	—	338
Transactions with owners in their capacity as owners						
Credit to equity for share based payments	—	—	—	—	108	108
	—	—	—	—	108	108
Balance at 31 December 2019	106	7,035	9,579	114	375	17,209
Total comprehensive expense for the year	—	—	(21)	—	—	(21)
Transactions with owners in their capacity as owners						
Credit to equity for share based payments	—	—	—	—	(90)	(90)
Balance at 31 December 2020	106	7,035	9,558	114	285	17,098

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 on 5 July 2017 the Company completed an Initial Public Offering ("IPO") and was admitted to the AIM Market of the London Stock Exchange. 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.

These financial statements have been prepared on a going concern basis, which assumes the Group and parent Company will continue to be able to meet their liabilities as they fall due, within 12 months of the date of approval of these financial statements. The Directors assessment of this judgement is set out in note 2 to the consolidated financial statements.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions permitted under the relevant standards in relation to the following disclosures:

- share-based payments (IFRS 2);
- financial instruments (IFRS 7);
- capital management (IAS 1);
- presentation of a statement of cash flows for the period (IAS 7); and
- certain related party transactions (IAS 24, paragraphs 17, 18, 19).

Where required, equivalent disclosures are given in the consolidated financial statements.

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

Investments in subsidiaries (Information about Entity's domicile and other information is disclosed in note 25 of the consolidated financial statements) are stated at cost less, where appropriate, provisions for impairment.

3. INVESTMENTS

	31 December 2020 '000	31 December 2019 €'000
Cost and carrying amount	12,353	12,443
	12,353	12,443

The Company's only direct investment is a 100% ownership in Civisello Inversiones, S.L. This Company is the direct owner of the Hemisphere Yachting Services, S.L.U. subgroup. The Directors believe that the carrying value of the investment is supported by its underlying net assets. To arrive at this belief, they complete a regular assessment of the recoverability of the investment based on the value in use of the Group's subsidiaries.

The Company's subsidiary undertakings are shown in note 25 of the consolidated financial statements.

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 year was €21 thousand (income of €338 thousand in 2019).

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

4.1. Staff Costs

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

	Year ended 31 December 2020	Year ended 31 December 2019
Non-executive Directors	2	2
	2	2
Their aggregate remuneration comprised:		
Wages	168	171
Social security costs	20	20
	188	191

5. LONG-TERM RECEIVABLES FROM GROUP COMPANIES

The Company holds loan notes receivable from Civisello Inversiones, S.L.U. amounting to €4,059 thousand. These bear interest at 4.5% and are due to be repaid in full by 31 December 2026.

The Directors believe that the total value of the Company's investment in its subsidiaries is not less than the amounts at which they are stated in the Parent Company Statement of Financial Position.

6. EQUITY

At 31 December 2020 and 2019 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.

7. SHARE-BASED PAYMENTS

Details of equity-settled share-based payment arrangements by the Company to Directors, other selected senior management and other entities that remain outstanding at the year end, are set out in note 23 to the Group financial statements.

NOTICE OF ANNUAL GENERAL MEETING

GYG PLC (THE "COMPANY")

(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 the Company, please pass this document together with the accompanying documents 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 2021 annual general meeting of the Company will be held at Innovation House, 39 Mark Road, Hemel Hempstead, Hertfordshire HP2 7DN on 2 June 2021 at 11.30 am for the purposes of considering and voting on the resolutions set out below. Resolutions 1 to 6 (inclusive) will be proposed as ordinary resolutions and resolutions 7 to 9 (inclusive) as special resolutions.

Given the prevailing UK Government restrictions on public gatherings and travel in light of the COVID-19 pandemic as at 23 April 2021 (being the latest practicable date prior to publication of this notice), it is proposed that the annual general meeting will be held with the minimum attendance required to form a quorum. Shareholders will not be permitted to attend the annual general meeting in person, but can be represented by the chairman of the meeting acting as their proxy.

Shareholders are offered the option to watch and listen to the proceedings of the annual general meeting remotely via a Zoom webinar and conference call facility. Shareholders are also given the opportunity to ask questions in advance of the meeting. Further details and guidance are to be found in note 1 on page 90.

Given the constantly evolving nature of the situation, shareholders are advised to monitor the Company's website (www.gyglc.com) and the Regulatory News Service announcements issued by the Company for any updates or amendments to the arrangements for the annual general meeting which may be necessary or required under UK Government guidance.

Hard copy proxy forms are not being sent to shareholders as the Company would like to encourage its shareholders to vote electronically, either via www.signalshares.com, or via CREST where shares are held in CREST. For further information, please see note 2.e. on page 91.

ORDINARY RESOLUTIONS

1. Report and accounts

To receive the financial statements and the reports of the Directors and the auditor for the year ended 31 December 2020.

2. Re-election of Director

To re-elect Remy Millott as a Director of the Company.

3. Re-election of Director

To re-elect Rupert Savage as a Director of the Company.

4. Re-appointment of auditor

To re-appoint PricewaterhouseCoopers LLP as auditor of the Company to hold office until the conclusion of the Company's next annual general meeting.

5. Authority to agree auditor's remuneration

To authorise the Directors of the Company to agree the remuneration of the Company's auditor.

6. Authority to allot shares

THAT the Directors are generally and unconditionally authorised for the purposes of s551 Companies Act 2006 ("CA 2006") to exercise all the powers of the Company to 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 £31,077; and
- (b) comprising equity securities (as defined in s560(1) CA 2006) up to an aggregate nominal amount of £62,154 (such amount to be reduced by any allotments or grants made under paragraph (a) above) in connection with an offer by way of a rights issue or other pre-emptive offer or issue to:
 - (i) ordinary shareholders (other than the Company) on the register on any record date fixed by the Directors in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) holders of other equity securities if this is required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which it considers 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,

such authority to expire at the conclusion of the Company's next annual general meeting or within 15 months from the date of passing of this resolution (whichever is the earlier) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Directors may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

SPECIAL RESOLUTIONS**7. General authority to disapply pre-emption rights**

THAT, subject to the passing of resolution 6, in accordance with s570 and s573 CA 2006 the Directors are given power to allot equity securities (as defined in s560 CA 2006) of the Company for cash pursuant to the authority conferred on them by resolution 6 and/or to sell ordinary shares held by the Company as treasury shares for cash pursuant to s727 CA 2006 as if s561(1) CA 2006 did not apply to any such allotment or sale, provided that:

(a) this power is limited to:

- (i) the allotment and/or sale of equity securities for cash in connection with an offer of equity securities (but, in the case of an allotment and/or sale of equity securities pursuant to the authority granted by paragraph (b) of resolution 6, only by way of a rights issue or other pre-emptive offer or issue) to:
 - a. ordinary shareholders (other than by the Company) on the register on any record date fixed by the Directors in proportion (as nearly as may be practicable) to their existing holdings; and
 - b. holders of other equity securities, if required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

subject, in both cases, to the power of the Directors to impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter; and

- (ii) in the case of an allotment and/or sale of equity securities for cash pursuant to the authority granted by paragraph (a) of resolution 6, the allotment and/or sale of equity securities (otherwise than under (a)(i) above) up to an aggregate nominal amount of £4,661.55; and
- (b) (unless previously revoked, varied or renewed by the Company) this power will expire at the conclusion of the Company's next annual general meeting or within 15 months from the date of passing of this resolution (whichever is the earlier), save that, in each case, the Directors may, before this power expires, make an offer or agreement which would or might require equity securities to be allotted and/or treasury shares to be sold after its expiry and the Directors may allot equity securities and/or sell treasury shares pursuant to such an offer or agreement as if this power had not expired.

8. Additional authority to disapply pre-emption rights

THAT subject to the passing of resolution 6, and in addition to any power granted under resolution 7, in accordance with s570 and s573 CA 2006 the Directors are given power to allot equity securities (as defined in s560(1) CA 2006) of the Company for cash pursuant to the authority conferred by resolution 6 and/or to sell ordinary shares held by the Company as treasury shares for cash pursuant to s727 CA 2006 as if s561(1) CA 2006 did not apply to any such allotment or sale, provided that this power:

- (a) is limited to the allotment and/or sale of equity securities up to an aggregate nominal amount of £4,661.55;
- (b) shall be 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;
- (c) (unless previously revoked, varied or renewed by the Company) will expire at the conclusion of the Company's next annual general meeting or within 15 months from the date of passing of this resolution (whichever is the earlier) save that, in each case, the Directors may, before this power expires, make an offer or agreement which would or might require equity securities to be allotted and/or treasury shares to be sold after its expiry and the Directors may allot equity securities and/or sell treasury shares pursuant to such an offer or agreement as if this power had not expired.

9. Company's authority to purchase its own shares

THAT the Company is generally and unconditionally authorised for the purposes of s701 CA 2006 to make one or more market purchases (within the meaning of s693(4) CA 2006) of its ordinary shares of £0.002 each provided that:

- (a) the maximum aggregate number of ordinary shares authorised to be purchased by the Company is 4,661,550;
- (b) the minimum price which may be paid for an ordinary share is £0.002 (excluding expenses), being the nominal value of each ordinary share;
- (c) the maximum price which may be paid for an ordinary share is not more than the higher of:
 - (i) 105% of the average middle-market quotation for an ordinary share as derived from the Daily Official List of the London Stock Exchange for the five trading days immediately preceding the day on which the ordinary share is purchased; and
 - (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out,
- in each case, exclusive of expenses;

NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

(d) this authority shall expire at the conclusion of the Company's next annual general meeting or within 15 months from the date of passing of this resolution (whichever is the earlier), but the Company may, if it agrees to purchase ordinary shares under this authority before it expires, complete the purchase wholly or partly after this authority expires; and

(e) any ordinary shares purchased pursuant to this authority may either be held as treasury shares or cancelled by the Company, depending on which course of action is considered by the Directors to be in the best interests of shareholders at the time.

RECOMMENDATION

The Directors consider that all the resolutions to be proposed at the annual general meeting are in the best interests of the Company and its members as a whole. The Directors will be voting in favour of all the proposed resolutions and unanimously recommend that you vote in favour of them.

By order of the Board

SUE STEVEN
Company Secretary

7 May 2021

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

Registered in England
and Wales No: 10001363

EXPLANATORY NOTES TO THE NOTICE

EXPLANATORY NOTES – RESOLUTIONS

Resolutions 1 to 6 (inclusive) are proposed as ordinary resolutions, which means that, for each of those resolutions to be passed, more than 50% of the votes cast must be in favour of the resolution.

Resolutions 7 to 9 (inclusive) are proposed as special resolutions, which means that, for each of those resolutions to be passed, at least 75% of the votes cast must be in favour of the resolution.

The notes below explain the proposed resolutions.

Resolution 1: Receiving the reports and accounts

The Directors must present the accounts and reports of the Company for the year ended 31 December 2020 to shareholders at the annual general meeting. These include the report of the Directors, the financial statements and the report of the auditor on the financial statements. Shareholders are being asked to receive the report and accounts.

Resolutions 2 and 3: Re-election of Directors

The Company's articles of association state that all Directors are subject to election by shareholders at the first annual general meeting following their appointment by the Board. 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 annual two general meetings before that meeting. Accordingly, as both Remy Millott and Rupert Savage were last appointed at the 2018 annual general meeting both will retire and, being eligible, will offer themselves for re-election at the 2021 annual general meeting.

The biographies of both Remy Millott and Rupert Savage are available on the Company's website at www.gyglc.com/investor-relations/investor-relations-board-of-directors/.

Following a formal performance evaluation, the Board considers that Remy Millott and Rupert Savage continue to be effective and demonstrate commitment to their roles of Chief Executive Officer and Chief Commercial Officer, respectively.

Resolution 4: Appointment of auditor

The power conferred on the Directors at the 2019 The auditor of a public company must be appointed at each general meeting at which accounts are laid. Resolution 4 proposes the appointment of PricewaterhouseCoopers LLP ("PWC") as auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company. Following a full tender process conducted during 2019, PWC were appointed by the Board as the Company's auditor.

Resolution 5: Authority to agree auditor's remuneration

Resolution 5 gives authority to the Directors, in accordance with standard practice, to agree the remuneration of the Company's auditor.

Resolution 6: Authority to allot shares

The authority conferred on the Directors at the 2020 annual general meeting of the Company to allot shares or grant rights to subscribe for or convert any security into shares in the Company expires at the conclusion of this year's annual general meeting. The purpose of resolution 6 is to replace that authority.

Paragraph (a) of resolution 6 would allow the Directors to allot new shares and grant rights to subscribe for or convert any securities into shares up to an aggregate nominal value of £31,077. This represents 15,538,500 ordinary shares, which is equivalent to one-third of the Company's total issued ordinary share capital, excluding treasury shares, as at close of business on 23 April 2021, the latest practicable date prior to publication of this notice.

Paragraph (b) of resolution 6 proposes that the Directors be authorised to allot shares in connection with a rights issue or other pre-emptive offer or issue in favour of holders of equity securities, including ordinary shareholders. The allotments would be made in accordance with the rights of those securities (or as the Directors may otherwise consider necessary) up to a further aggregate nominal amount of £31,077, representing 15,538,500 ordinary shares, which is equivalent to one-third of the Company's total issued ordinary share capital, excluding treasury shares, as at close of business on 23 April 2021, the latest practicable date prior to publication of this notice. This amount, together with the nominal amount of any shares allotted or rights granted under the authority conferred by paragraph (a), would represent an amount that is equivalent to two-thirds of the Company's total issued ordinary share capital, excluding treasury shares, as at close of business on 23 April 2021, the latest practicable date prior to publication of this notice.

The authority sought under resolution 6 is in line with guidance published by The Investment Association on the powers of directors to allot shares.

As at the date of this notice, the number of treasury shares held by the Company is 24,500, representing approximately 0.05% of the Company's total issued ordinary share capital, excluding treasury shares, as at 23 April 2021, the latest practicable date prior to publication of this notice.

The Directors have no present intention to exercise the authority sought under resolution 6.

The authority sought under resolution 6 will, if granted, expire at the conclusion of the Company's next annual general meeting or within 15 months from the date of passing of this resolution (whichever is the earlier).

Resolutions 7 and 8: Disapplication of pre-emption rights

The power conferred on the Directors at the 2020 annual general meeting of the Company to allot shares in the Company for cash without application of the pre-emption rights provided by s561 CA 2006 expires at the conclusion of this year's annual general meeting. The purpose of resolutions 7 and 8 is to replace that authority.

Resolutions 7 and 8 are in line with the Pre-emption Group's Statement of Principles for the Disapplication of Pre-emption Rights (the "Statement of Principles").

EXPLANATORY NOTES TO THE NOTICE (CONTINUED)

If resolution 7 is passed, it would allow the Directors to allot new shares for cash and/or sell treasury shares without first offering them to shareholders in proportion to their existing holdings up to an aggregate nominal amount of £4,661.55. This maximum amount represents 2,330,775 shares, which is equivalent to approximately 5% of the Company's total issued equity share capital, excluding treasury shares, as at close of business on 23 April 2021, the latest practicable date prior to publication of this notice and which, together with the maximum amount of any shares allotted under the power conferred by resolution 8, would represent an amount that is equivalent to approximately 10% of total issued equity share capital.

In respect of the power under resolution 7(b), the Directors confirm their intention to follow the provisions of the Statement of Principles regarding cumulative usage of authorities within a rolling three-year period where the Statement of Principles provide that usage in excess of 7.5% of the issued ordinary share capital of the Company should not take place without prior consultation with shareholders.

If resolution 8 is passed, it would allow the Directors to allot new shares for cash and/or sell treasury shares without first offering them to shareholders in proportion to their existing holdings if the allotment is connected with an acquisition or specified capital investment (as contemplated by the Statement of Principles), up to an aggregate nominal amount of £4,661.55. This maximum amount represents 2,330,775 shares, which is equivalent to approximately 5% of the Company's total issued equity share capital, excluding treasury shares, as at close of business on 23 April 2021, the latest practicable date prior to publication of this notice.

The authority sought under each of resolution 7 and resolution 8 will, if granted, expire at the conclusion of the Company's next annual general meeting or within 15 months from the date of passing of the resolutions (whichever is the earlier).

Resolution 9: Company's authority to purchase its own shares
In the opinion of the Board of Directors, the purchase by the Company of its own shares may, in certain circumstances, be advantageous to shareholders.

Shareholders are being asked to give the Company authority to buy back up to 10% of its issued share capital in the market, renewing the authority granted at the 2020 annual general meeting. Resolution 9 sets out the maximum number of shares that may be purchased and the minimum and maximum prices at which they may be bought.

The Directors intend to exercise this authority only if they are satisfied at the time that it is in the best interests of shareholders to do so and that it would result in an increase in earnings per share.

There were 466,400 warrants and 751,845 options to subscribe for ordinary shares outstanding as at 23 April 2021 (being the latest practicable date prior to the publication of this notice), representing approximately 2.61% of the Company's issued ordinary share capital (excluding treasury shares). If the full authority to buy back shares (existing and being sought) was exercised in full, these warrants and options would represent approximately 2.90% of the Company's issued ordinary share capital.

This authority is to remain in force until the conclusion of the Company's next annual general meeting or within 15 months from the date of passing of this resolution (whichever is the earlier).

MEMBER NOTES:

The following notes explain your general rights as a shareholder and your right to attend and vote at the annual general meeting of the Company, or to appoint someone else to vote on your behalf.

1. Entitlement to attend and vote

To be entitled to attend and vote at the annual general meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of business on 28 May 2021. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the annual general meeting. In the case of joint holders, where more than one of the joint holders votes, only the vote 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).

Given the prevailing UK Government restrictions on public gatherings and travel in light of the COVID-19 pandemic as at 23 April 2021 (being the last practicable date prior to publication of this notice), it is proposed that the annual general meeting will be held with the minimum attendance required to form a quorum. Shareholders will not be permitted to attend the annual general meeting in person, but can be represented by the chairman of the meeting acting as their proxy.

Shareholders are offered the option to watch and listen to the proceedings of the annual general meeting remotely via a Zoom webinar and conference call facility. Please note that shareholders will not be able to use this facility to actively participate in the annual general meeting by voting on the resolutions or asking questions. Shareholders are, however, invited to submit questions to the Company in advance of the annual general meeting by sending an email to ggy@fticonsulting.com by 28 May 2021, and answers to the questions will be given at the meeting.

To register to attend the annual general meeting via our online platform, please use the following link
www.gygplc.com/agm-2021

2. Proxies

- Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the annual general meeting. A shareholder may appoint more than one proxy in relation to the annual general meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company. In view of the restrictions in place as a result of the COVID-19 pandemic you are strongly advised to appoint the chairman of the meeting as your proxy to ensure your vote is counted.

b. 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).

c. 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 no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the annual general meeting.

d. You can vote either:

- by logging on to www.signalshares.com and following the instructions;
- you may request a hard copy form of proxy directly from our Registrars, Link Group on telephone number: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The Registrars are open between 9:00 am – 5:30 pm, Monday to Friday excluding public holidays in England and Wales; or
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In each case the appointment of a proxy must be received by Link Group at PXS 1, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom by 11.30 am on 28 May 2021.

e. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

f. The return of a completed form of proxy, electronic filing or any CREST Proxy Instruction (as described in note j. below) will not prevent a shareholder from attending the annual general meeting and voting in person if he/she wishes to do so. However, please note the information in note 1 above regarding the impact of the COVID-19 pandemic on meeting attendance.

g. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the annual general meeting (and any adjournment of the annual general meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST

members who have appointed a 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.

h. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 11.30am on 28 May 2021. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

i. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

2. Corporate representatives

Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.

3. Nominated persons

Any person to whom this Notice is sent as a person nominated under s146 of CA 2006 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.

EXPLANATORY NOTES TO THE NOTICE (CONTINUED)

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.

4. Issued share capital and total voting rights

As at close of business on 23 April 2021 (being the latest practicable business day prior to the publication of this notice), the Company's ordinary issued share capital (excluding treasury shares) consists of 46,615,500 ordinary shares of £0.002 each, carrying one vote each. Therefore, the total voting rights in the Company as at close of business on 23 April 2021 were 46,615,500.

5. Members' rights to ask questions

Any shareholder 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.

6. Communication

You may not use any electronic address (within the meaning of s333(4) of CA 2006) provided in either this notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

7. Voting results

As soon as practicable after the annual general meeting, the results of the voting at the meeting and the number of proxy votes cast for and against, and the number of votes withheld, in respect of each resolution will be announced via a Regulatory Information Service and also placed on the Company's website www.gygplc.com.

COMPANY INFORMATION

Directors:

Stephen Murphy
Remy Millott
Kevin McNair
Rupert Savage
Richard King

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United Kingdom

Company Number:

10001363 (England & Wales)

Company Secretary:

Sue Steven

Company Website:

www.gygplc.com

Nominated Adviser and Broker:

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Independent Auditors:

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Solicitors:

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