24 September 2020

GYG plc
("GYG", the "Company" or the "Group")

2020 Interim Results

Solid H1 performance with record Order Book and positive momentum into Q4

GYG (AIM: GYG), the market leading superyacht painting, maintenance and supply company, today announces its Interim Results for the six months ended 30 June 2020.

Financial Highlights
- Group revenue decreased 12% to €29.1m (H119: €33.1m) due to COVID related impact
    - Coatings (Refit and New Build) revenue decreased 10.2% to €24.5m (H119: €27.3m)
    - Supply revenue decreased 19.3% to €4.6m (H119: €5.7m)
- Adjusted EBITDA[1] increased 6.7% to €1.6m (H119: €1.5m)
- Adjusted EBITDA margin increased 21.4% to 5.6% (H119: 4.5%)
- Operating profit maintained at €0.1m (H119: €0.1m)
- Loss before tax of (€0.5m) (H119: profit before tax €0.1m)
- Net debt[2] of €10.9m at 30 June 2020 (30 June 2019: €8.1m)
- Cash of €3.0m at 30 June 2020 (€5.5m at 30 June 2019)
- Bank facilities improved and balance sheet strengthened to provide resilience against COVID-19 uncertainties

Operational Highlights
- Record higher value new build pipeline generated with relationships now established with the majority of key European shipyards
- Started work on three of the six New Build contracts signed in 2019, with three to start in Q420
- Major contract signed for an 80+ metre New Build in a new shipyard, with work started in Q320
- Strong momentum in Refit during 2019 continued into H1 with several major Refit contracts signed for an immediate start
- Supply division's new branding and renewed focus on direct yacht sales through Pinmar Yacht Supply delivering positive results
- Continued focus on driving operational efficiencies in H1, delivered further improvements in EBITDA margin
- Sprayable filler collaboration with AkzoNobel progressing well with early data showing step change in speed and efficiency of application process

Post period end
- Signed major Refit contracts for a 70+ metre yacht in Palma and 100+ metre yacht with MB92 Group; work on both of these projects has commenced
- Work underway on two MB92 Refit contracts in Barcelona, Spain and La Ciotat, France
- Signed Letter of Intent for a 100+ metre New Build in Europe, scheduled to start Q2 2021
- Exclusive distribution agreement with ALTRAD plettac assco GmbH to distribute its specialised scaffolding equipment in the USA representing significant opportunity to offer cutting-edge equipment and improved efficiencies in one of the world's largest markets

Order Book

- Record Order Book at 22 September 2020 provides more forward visibility than ever before
- Total Order Book increased €11.1m, up 26% since 30 June 2020, with 24% increase in current year

Order Book at:	Total Order Book	Current Year	Current Year +1	Forward Order Book
22 September 2018	€32.3m	€10.6m	€15.7m	€6.0m
22 September 2019	€43.6m	€16.4m	€22.1m	€5.1m
22 September 2020	**€53.8m**	**€20.4m**	**€27.8m**	**€5.6m**

Outlook

- Coatings division will be active on an unprecedented eight New Build projects in 2021, five of which are c.70 metre – 100 metre and three 100 metre+, driving increasing New Build revenue in H2 and into 2021
- Advanced negotiations underway for New Build contracts to commence in 2021 and 2022
- Focus on driving further margin improvements will continue through H2 and beyond
- We continue to assess further organic and inorganic growth opportunities
- Despite the significant disruptions in H1, the market remains strong as demonstrated by the record order book for 2021 and beyond
- The Board remains confident in meeting market expectations

(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

(3) Order Book is defined as contracted but unrecognised revenue from New Build and Refit projects. It does not include revenue already recognised during the year and it does not include any future value for revenue in the Supply division

Analyst Webcast

There will be a conference call/webcast for sell-side analysts at 9:30am BST this morning, 24 September 2020, the details of which can be obtained from FTI Consulting.

Remy Millott, Chief Executive of GYG plc, commented:

"I am pleased with the Group's performance in H1 given the unprecedented circumstances that remain prevalent across the globe. Our teams have worked hard to ensure that we can continue to deliver projects on time and on budget, while working with the additional safety measures that we have put in place. I would like to take this opportunity to thank all of our employees for their continued efforts and resilience in the face of the pandemic.

"GYG's Order Book is the strongest it has ever been and we continue to have positive discussions with both the New Build shipyards across Europe and also yacht owners, captains and

management companies with regards to their Refit requirements. I am confident that this positive momentum will continue through H2 and into 2021 as the industry prepares and hopes for a more normalised cruising season in 2021."

For further information, please contact:

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Notes to Editors:

GYG is the market leading superyacht painting, supply and maintenance company, offering services globally through operations in the Mediterranean, Northern Europe and the United States. The Company's brands include Pinmar, Pinmar Yacht Supply, and Technocraft. GYG's operations can be divided into three key sales channels:

- Refit: repainting and finishing of superyachts, normally as part of a refit programme. Revenues also include scaffolding, containment and the removal and repair of fittings
- New Build: fairing and painting of new vessels as part of the build process
- Supply: the sale and delivery of maintenance materials, consumables, spare parts and equipment primarily to superyachts and trade customers

Forward looking statements

All statements other than statements of historical fact included in this announcement, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to shareholder returns, dividends or any statements preceded by, followed by or that include the words "targets", "estimates", "envisages", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward looking statements.

Such forward looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group's control that could cause the actual results and performance to be materially different from future results and performance expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future.

These forward-looking statements speak only as of the date of this announcement. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

Chief Executive's Statement

Overview

As announced in the Group's Half Year Trading Update on 21 August 2020, trading in the first half of the year was positive despite the ongoing challenges presented by COVID-19.

The Group's disciplined focus and strong momentum in 2019 continued into the first half of 2020. Management's continued focus on realising operational efficiencies in order to enhance the quality of earnings has resulted in a 21% increase in adjusted EBITDA margin to 5.6%, with potential for this to be increased further in H2. H1 revenues of €29.1m were below H1 2019 (€33.1m) as a result of some contracts being rescheduled to later in the year as the industry adapted to new restrictions and operating protocols. Importantly, to date, the Group has not experienced any contract cancellations.

During the period the Group signed a major 80+ metre New Build contract and several significant Refit contracts, resulting in another record Order Book as at 22 September 2020. Consequently, our quality and visibility of earnings continues to improve and leaves us well-placed for the remainder of this year and beyond.

The Supply division has had a solid first half in line with expectations; winning several new contracts as a result of the new strategy to target larger yachts directly for global supply.

The Group continues its operational focus to deliver improved gross margins, a reduction in fixed costs and business process improvements.

COVID-19

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

We were well prepared for the disruption as a result of the 2019 organisational development programme. Contingency plans were implemented early to manage the effects of COVID-19, leading to a two week suspension of projects in Spain, UK and France in April, while projects in Northern Europe and the USA continued with some disruption due to adjustments in operating protocols and travel restrictions. The majority of Group operations were restored by early May, strictly complying with appropriate health and safety measures.

Overall, demand for the Group's specialist services remained strong with some owners using the travel restrictions as an opportunity to complete maintenance work. As per previous guidance, a small number of projects have been deferred and will therefore benefit future periods.

Coatings Division

New Build

The Group has enjoyed a significant increase in its market share of the higher value New Build sector as a result of its strategy to develop relationships directly with the leading New Build yards in Northern Europe and has achieved preferred supplier relationships with targeted yards.

As previously announced, the Group signed a major New Build contract in H1 for an 80+ metre yacht in a new shipyard with work started in Q3 and is in advanced negotiations for further New Build projects to commence in 2021 and 2022.

In validation of our strategy, our specialist coating division will be active on an unprecedented eight New Build projects across Northern Europe in H2, five of which are c.70 metre – 100 metre and three 100 metre+, driving increasing New Build revenue in H2 and into 2021.

Post period end, as announced on 18 September 2020, the Group signed a Letter of Intent for a 100+ metre New Build yacht in Europe, scheduled to start in Q2 2021.

There is plenty of headroom for continued growth both within the yards that the Group currently serves and through developing further new relationships with other leading shipyards.

Refit

The strong sales momentum in Refit from 2019 continued into H1 with the signing of several major new Refit contracts for immediate start.

Uncertainty around freedom of movement due to COVID-19 restrictions led to a significant increase in Refit work over the summer months, which tends to be a quieter time due to normal Mediterranean cruising patterns.

Work is underway on the two previously announced contracts with MB92 Group, with a combined value of over €6m. One of these projects is in Barcelona, Spain and the other in La Ciotat, France.

Post period end, as announced on 21 August 2020, the Group signed a major Refit contract for a 70+ metre yacht in Palma and a further contract with MB92 Group for a 100+ metre yacht and work on both of these projects has commenced.

Supply Division

During H1 2020, the Supply division began the roll-out of its new branding across all platforms following the realignment of its growth strategy.

Superyachts, like most businesses, are streamlining their supply chain by selecting key suppliers who can provide them with a fast, efficient, and personalised service with direct delivery to the yacht's current or future location.

This shift in purchasing practices was accelerated by the restrictions imposed during the COVID-19 pandemic. These practices have remained in place after restrictions were eased as the advantages became clear to captains, pursers, and fleet procurement managers. The Group's strong response to the crisis was proven in the restructuring and rebranding of Pinmar Yacht Supply to focus on direct yacht sales while reducing retail space which has seen very positive results.

A key part of the growth strategy is the ongoing collaboration of the Supply division with the Coatings division and identifying cross-selling opportunities. 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.

We remain optimistic about the prospects for this division in the second half and beyond as we strive for commercial improvement and delivering value to our customers with a new leadership team focusing on the servicing of superyachts' purchasing requirements.

Operational Review

GYG provides a highly skilled, mission critical service as part of the construction and refit of superyachts. The Group is well-positioned to benefit from strong structural growth drivers in the premium end of the sector, our key focus and the fastest growing segment of the market. The implementation of process and system improvements during 2019 provided a solid foundation to deliver further operational efficiencies in H1 2020 which has been reflected in our vastly improved adjusted EBITDA margin year on year.

Greater visibility in the Order Book and rigourous monitoring of manpower and asset utilisation rates has improved performance with further positive developments expected in H2. The Board expects to see the benefits of these programmes to continue over the remainder of 2020 and in to 2021.

The Group continues to innovate and invest in new application technology and training, leveraging its strong relationship with all the main superyacht paint manufacturers. The collaboration project with AkzoNobel to develop and bring to market an application methodology for its new sprayable filler product is well underway, with early data showing positive reductions in the time taken to fill and fair a large superyacht compared to the traditional manual methods. We expect to complete the project and disclose the full results in Q4, with management confident that this new filler system which maximises the speed and efficiency of the application process will be extremely attractive for shipyards and will help to further differentiate the Group's New Build proposition.

Post period end, the Group recently signed an exclusive distribution agreement with ALTRAD plettac assco GmbH to distribute its specialised scaffolding equipment in the USA. GYG's scaffolding brand, Technocraft, pioneered the development of yacht scaffold and containment systems within Europe using the Plettac system, and this is a significant opportunity for the Group to offer ALTRAD plettac assco GmbH's cutting-edge equipment into one of the world's largest markets. The advanced modular construction allows for the entire scaffold structure to be hung from 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 in the water. This is a unique capability to GYG in the USA and a clear market differentiator.

GYG continues to develop its human resources function through a combination of structured in-house training programmes and strategic recruitment. We continue to strengthen the management team introducing a mix of industry experience and related business expertise, with a focus in H1 to build on our project management team in readiness for our increased New Build workload.

The well-established in-house CRM system is now deployed across the Coatings and Supply divisions, sharing intelligence and encouraging synergies across the yacht sales channels. Further development in H1 allows management to track contracts all the way through to project completion and view customer satisfaction feedback, providing instant intelligence to improve our commercial and production processes. The CRM facilitates greater visibility of refit contract cycles and automatically prompts the commercial team to engage early with yachts approaching their refit window.

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.

Market Developments

The 70 metre – 90 metre and 90 metre+ segments, where GYG is most competitive, are growing faster in percentage terms than the smaller segments. This has an exponential effect on the size of the addressable market in terms of the square meterage and consequently, value. The estimated market value of the New Build paint market in 2019 was c. €140m and this is forecast to increase to an estimated c. €175m by 2022[1].

The overall market growth of the superyacht fleet correlates to the global increase in the number of billionaires (UHNWIs) which has risen from 1,011 in 2010 to 2,153 in 2019 and is forecast to reach 2,584 by 2024[2].

The value of the addressable market of Refit paintwork is estimated to grow slightly faster than the number of projects, due to the increasing size of superyachts within the global fleet. Market estimates suggest that the annual value of the Refit paint market in 2019 was c.€233m and will grow to an estimated c.€285m by 2024 (CAGR 3.4%) with the 70 metre+ and 90 metre+ segments exhibiting higher growth rates, 5.1% and 7.5% respectively.

Source: The Superyacht Agency Intelligence Report for GYG plc Feb 2020.

Unless otherwise stated all market estimates and forecasts are sourced from The Superyacht Agency Intelligence Report. The independent market research that provided the superyacht market forecasts was conducted prior to the onset of the COVID-19 pandemic in Europe and the USA.

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

2 Source: Forbes.com Feb 2020.

Financial performance

Revenue for the six-month period to 30 June 2020 decreased 12% to €29.1m (HY19: €33.1m). The lower revenue can be attributed entirely to the impact of COVID in H1. As the Group has previously announced, no contracts were lost during the pandemic, but some ongoing projects suffered delays as a result of the restrictions imposed and some New Build contracts started later than originally anticipated.

Owners of superyachts typically undertake an annual haul out and general maintenance in the off-season to keep the vessels in optimum condition and to ensure availability during the peak cruising months. This has historically introduced a level of seasonality to the Company's revenue with an H2 weighting to the key Refit revenues. Despite the increase in Refit experienced during H1 as owners bought yachts into Refit whilst travel restrictions were in place, Management still expects the usual H2 weighting of the Refit sector to continue to benefit the Group in the second half of 2020.

The lower revenues during the period did not translate into lower operating profits or margins as adjusted EBITDA increased by 6.7% to €1.6m in the period (H119: €1.5m). This translates into an adjusted EBITDA margin of 5.6% for the period (H119: 4.5%), an increase of 22.7%.

The €4.0m decrease in operating costs (not including exceptional items, performance share plan costs, depreciation and amortisation) represents a decrease of 12.2% on H119. The lower operating costs, both absolutely and relatively, are an outcome of the improved operating efficiency of the Group which has benefited from our enhanced forward visibility and rigorous approach to workflow planning.

The operating profit for H1 of €0.1m was similar to the previous year (H119: €0.1m). The loss after tax of €413k (H119: profit of €84k) was driven by increased financial costs and a gain on financial instruments of €379k in 2019 which was not repeated in 2020. Financial expenses increased to €551k (FY19: €402k) due to higher borrowings over the period and the cost of the new Instituto de Crédito Oficial (ICO) facilities.

Net loss for the period, excluding exceptional items and performance share plan costs, was €174k (H119: net profit €263k).

Financial Position

As stated in our 2019 Final Results on 22 July 2020, the Group had previously announced in April 2020 that it had reached an agreement with its banks to change the repayment terms of one of its loans, a bullet loan, to extend the payment dates. As the COVID-19 pandemic spread across the world, and the scope for additional impacts on our business grew, the Spanish government put a number of programmes in place to provide financial stability for Spanish companies. The Group entered into discussions about accessing one of these programmes in an effort to provide access to additional capital if it became necessary. On 30 June 2020, GYG was provided with new borrowing facilities of €3.0m through one of these government sponsored programmes which has a twelve-month repayment holiday and then is repaid over the subsequent 24 months.

As part of this arrangement, the Group agreed to maintain the original repayment schedule for the bullet loan. By entering into the new facilities and agreeing to maintain the original payment schedule on the bullet loan, the Group´s working capital projections and cash position over the next few years has been materially improved. The Directors concluded that the uncertainty surrounding how the pandemic might develop meant this was a prudent and sensible step to take. The Group´s banking facilities now total €29.6m.

Dividend Policy

The Board is encouraged by the positive momentum this year and has a firm intention to reinstate the progressive dividend policy at the earliest appropriate opportunity.

Environmental Issues and Climate Change

Understanding and managing the environmental impact of our operations across all of our locations is an important part of being a responsible stakeholder in our local communities. It is also strategically important for building resilience into our business. We have a team dedicated to monitoring this across the Group and look to mitigate the environmental impact of our activities.

The Directors are also cognisant of the potential impact of climate change. While the ultimate impacts on society and the economy are unclear at this point, they 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.

Brexit

In an already volatile year, the Directors are also cognisant of the upcoming departure of the United Kingdom from the European Union. The Group has been planning for this eventuality for some time and are well placed to deal with any changes following the UK´s departure. The Directors do not believe that Brexit will have a material impact on the Group´s future prospects.

Outlook

The second half has started well with the positive momentum from H1 being maintained through the summer and towards Q4. Our more traditional superyacht Refit and Supply markets are stable and we have experienced a rapid acceleration in New Build demand, in-line with our strategy. This has resulted in a record Order Book for the Group and improved visibility of earnings, as detailed below:

Order Book at:	**Total Order Book**	**Current Year**	**Current Year +1**	**Forward Order Book**
22 September 2018	€32.3m	€10.6m	€15.7m	€6.0m
22 September 2019	€43.6m	€16.4m	€22.1m	€5.1m
22 September 2020	**€53.8m**	**€20.4m**	**€27.8m**	**€5.6m**

The team are working on a number of potential leads that will further strengthen this through the second half while maintaining our keen focus on gross margin improvement.

Following a positive first half of the year and the activity scheduled for H2 and into 2021, the Board remains confident that the Group is on track to meet market expectations for the full year.

Independent review report to GYG plc

Report on the interim financial statements

1. Our conclusion

We have reviewed GYG plc's condensed consolidated interim financial statements (the "interim financial statements") in the half-yearly report of GYG plc for the 6 month period ended 30 June 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies**.**

2. Emphasis of matter – going concern

Without modifying our conclusion on the interim financial statements, we have considered the adequacy of the disclosure made in note 2.2 to the interim financial statements concerning the group'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 December 2021, together with sensitivity analyses. These forecasts throughout the going concern period assess the group's liquidity and its ability to meet liabilities as they fall due, and demonstrate the group is expected to have sufficient cash flow headroom throughout the period. Those forecasts include a number of significant assumptions with regards to the duration or severity of the impact of the Covid-19 pandemic and the impact on the business, and consequently there is a risk that liquidity may not be in line with the sensitised forecasts and that sufficient cash flow headroom may not be available to meet liabilities as they fall due. These conditions, along with the other matters explained in note 2.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The interim financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

3. What we have reviewed

The interim financial statements comprise:

- the Condensed consolidated balance sheet as at 30 June 2020;
- the Condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated cash flow statement for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-yearly report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

1. Our responsibilities and those of the directors

The half-yearly report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

Our responsibility is to express a conclusion on the interim financial statements in the half-yearly report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, 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.

2. What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Milton Keynes
24 September 2020

Condensed consolidated statement of comprehensive income

Six months to 30 June 2020

	Note	Six months to 30 June 2020 € 000 (unaudited)	Six months to 30 June 2019 € 000 (unaudited)
Continuing operations			
Revenue	3	29,056	33,078
Operating costs		(28,965)	(32,993)
Adjusted EBITDA		1,612	1,494
Depreciation and amortisation		(1,282)	(1,230)
Performance share plan		(30)	(83)
Exceptional items	4	(209)	(96)
Operating profit / (loss)		**91**	**85**
Gain on financial instruments	10	-	379
Finance costs - net	8	(551)	(402)
(loss) / Profit before tax		**(460)**	**62**
Tax	5	47	22
(loss) / Profit for the period		**(413)**	**84**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		38	(8)
Total comprehensive (loss) / profit for the period		**(375)**	**76**
(loss) / Profit for the period attributable to:			
Owners of the company		(413)	154
Non-controlling interest		-	(70)
Total comprehensive (loss) / Profit for the period attributable to:			
Owners of the company		(375)	146
Non-controlling interest		-	(70)
(loss) / earnings per share	6		
Basic		(0.009)	0.003
Diluted		(0.009)	0.003

Condensed consolidated balance sheet

30 June 2020

	Note	As at 30 June 2020 € 000	As at 31 December 2019 € 000
ASSETS			
Non-current assets			
Goodwill	7	9,354	9,350
Other intangible assets	7	10,244	10,448
Property, plant and equipment	7	10,069	10,353
Other financial assets		177	144
Deferred tax assets		498	508
Total non-current assets		**30,342**	**30,803**
Current assets			
Inventories		2,353	2,535
Trade and other receivables		12,312	8,656
Cash and cash equivalents		2,981	5,529
Total current assets		**17,646**	**16,720**
TOTAL ASSETS		**47,988**	**47,523**

Condensed consolidated balance sheet (continued)

	Note	As at 30 June 2020 € 000	As at 31 December 2019 € 000
LIABILITIES		**(unaudited)**	**(audited)**
Current liabilities			
Trade, deferred income and other payables		(18,737)	(17,468)
Obligations under leases	9	(1,559)	(1,571)
Borrowings	9	(9,541)	(5,062)
Provisions		(137)	(468)
Derivative financial instruments		(5)	(14)
Total current liabilities		**(29,979)**	**(24,583)**
Net current liabilities		**(12,333)**	**(7,863)**
Non-current liabilities			
Obligations under leases	9	(1,591)	(2,184)
Borrowings	9	(1,029)	(4,915)
Deferred tax liabilities		(2,449)	(2,555)
Long-term provisions		(19)	(19)
Total non-current liabilities		**(5,088)**	**(9,673)**
Total liabilities		**(35,067)**	**(34,256)**
Net assets		**12,921**	**13,267**
EQUITY			
Share capital		106	106
Share premium		7,035	7,035
Retained earnings		5,292	5,707
Translation reserve		(32)	(70)
Capital redemption reserve		114	114
Share based payment reserve		406	375
Equity attributable to owners of the Company		**12,921**	**13,267**
Total equity	**11**	**12,921**	**13,267**

Condensed consolidated statement of changes in equity

Six months ended 30 June 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 2020	**106**	**7,035**	**5,707**	**(70)**	**114**	**375**	**13,267**	**0**	**0**	**13,267**
Credit to equity for share-based payments	-	-	-	-	-	30	30	-	-	30
Total comprehensive profit for the period	-	-	(413)	38	-	-	(375)	-	-	(375)
Balance at 30 June 2020 (Unaudited)	**106**	**7,035**	**5,292**	**(32)**	**114**	**406**	**12,921**	**0**	**0**	**12,921**

Condensed consolidated statement of changes in equity (continued)

Six months ended 30 June 2019

	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 10)	-	-	(940)	-	-	-	(940)	(23)	963	-
Credit to equity for share based payments	-	-	-	-	-	83	83	-	-	83
Total comprehensive profit for the period	-	-	154	(8)	-	-	146	(70)	-	76
Balance at 30 June 2019 (Unaudited)	**106**	**7,035**	**5,108**	**(45)**	**114**	**350**	**12,668**	**-**	**-**	**12,668**

Condensed consolidated cash flow statement

Six months to 30 June 2020

	Note	Six months to 30 June 2020 € 000 (unaudited)	Six months to 30 June 2019 € 000 (unaudited)
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES (I)	8	(1,525)	2,987
- Purchase of intangible assets		(264)	(18)
- Purchase of property, plant and equipment		(543)	(193)
- Proceeds from disposal of intangible assets		-	91
CASH FLOWS USED IN INVESTING ACTIVITIES (II)		(807)	(120)
- Proceeds from leases		-	-
- Proceeds from bank borrowings		1,748	250
- Repayments of obligations under leases		(605)	(730)
- Repayments of borrowings		(1,331)	(1,620)
CASH FLOWS USED IN FINANCING ACTIVITIES (III)		(188)	(2,100)
Effect of foreign exchange rate changes (IV)		(28)	9
NET DECREASE / (INCREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		(2,548)	776
Cash and cash equivalents at the beginning of the period		5,529	5,069
Cash and cash equivalents at the end of the period		2,981	5,845

Notes to the condensed set of financial statements

Six months ended 30 June 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.

The condensed consolidated interim financial statements ("interim financial statements") for the six months ended 30 June 2020 are presented in Euro, which is the currency of the primary economic environment in which the Group operates.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2019, prepared under IFRS as adopted by the EU, have been delivered to the Registrar of Companies. The auditor's report on the 2019 financial statements was unqualified and did not contain a statement under Section 498(2) or Section 498(3) of the Companies Act 2006.

The interim financial statements were approved for issue by the Board of Directors on 23th September 2020.

2. Significant accounting policies

2.1. Basis of preparation

Except as described below, the accounting policies applied in these interim financial statements are consistent with those applied in the Group's latest annual audit financial statements, which comply with International Financial Reporting Standards as adopted by the EU and also in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority. The financial statements have been reviewed not audited.

The Group has adopted the amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatory effective for an accounting period that begins on or after 1 January 2019, which mainly include "IFRS 16 - Leases". IFRS 9 and IFRS 15 have been implemented in 2018.

2.2. Going concern

These financial statements have been prepared on a going concern basis, which assumes the Group 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 meets its day-to-day working capital requirements from cash flows generated from operations and banking facilities. The Group has committed banking facilities which are due to be repaid in March 2021 with a bullet payment of €4 million.

In June 2020, following the Covid-19 pandemic, the Group entered additional new €3 million bank facilities with its existing banking group. These new facilities have a grace period of 12 months, followed by 48 monthly instalments. In addition, a waiver was received in relation to compliance with financial covenants attached to the existing bank loans throughout the going concern assessment period. These facilities were put in place to provide increased liquidity headroom to operate following the Covid-19 pandemic and coupled with operational cash flows to enable settlement of the existing bank facilities as they fall due.

In evaluating the going concern assumption, the Group have prepared cash flow forecasts to December 2021, together with sensitivity analyses. The Group considered the adequacy of the facilities in the light of the current and projected trading performance, and strong order book and are confident the Group will continue to operate within its available facilities for the foreseeable future, including the settlement of the bullet payment of the existing bank facilities.

The forecasts include several material assumptions with regards to the duration or severity of the impact of the Covid-19 pandemic. Given the uncertainty at the time of the publication, there is a risk that liquidity may not be in line with the sensitised forecasts and that further action will be necessary to ensure that sufficient liquidity will be available to meet liabilities as they fall due.

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, including the bullet payment on the existing bank facilities, and therefore believe it is appropriate to prepare the financial statements on a going concern basis. However, if the impact of the Covid-19 pandemic were to be more severe with more significant impacts on operations the Group may not have sufficient cash resources to meet its liabilities as they fall due, which indicates the existence of a material uncertainty which may cast significant doubt for the group with regards to their ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

2.3 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.

2.4 Impairment of goodwill

The Group performs an annual impairment review for goodwill 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 management. These cash-flows consider past experience and represent the best estimate of management on future market developments and Group performance.

The key assumptions for determining the value in use include the weighted average cost of capital (pre-tax), which has been estimated at 16.25% for the goodwill registered for each of the Coating and Supply segments (and at 17,25% for ACA Marine, SAS) and a long-term growth rate of 3.0% per cent. 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).

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.

2.5 Seasonality

Owners of superyachts typically undertake an annual haul out and general maintenance in the off season to keep the vessels in optimum condition and to ensure availability during the peak cruising months. This has historically introduced a level of seasonality to the Company's revenue with an H2 weighting to the key Refit revenues. Whilst the signing of New Build contracts will help to mitigate the historical seasonality of Refit, management expect the usual H2 weighting of the Refit sector to continue to benefit the Group in the second half.

3. Segment information

The Group's 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.

3.1. Segment revenues and results

Segment information about the above businesses is presented below for the six-month period ended 30 June 2020 and 2019:

Consolidated six months to 30 June 2020 (unaudited)	***Coating***	***Supply***	***Total reportable segments***
	€ 000	***€ 000***	***€ 000***
Revenue	24,480	4,576	29,056
Gross Profit	4,904	1,203	6,107
Adjusted EBITDA	1,141	471	1,612
Depreciation and amortisation			(1,282)
Performance share plan			(30)
Exceptional items			(209)
Operating Profit			**91**
Finance costs - net			(551)
Loss before tax			**(460)**

Consolidated six months to 30 June 2019 (unaudited)	***Coating***	***Supply***	***Total reportable segments***
	€ 000	***€ 000***	***€ 000***
Revenue	27,338	5,740	33,078
Gross Profit	5,047	1,577	6,624
Adjusted EBITDA	604	890	1,494
Depreciation and amortisation			(1,230)
Performance share plan			(83)
Exceptional items			(96)
Operating Profit			**85**
Gain on financial instruments			379
Finance costs - net			(402)
Profit before tax			**62**

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

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

	Six months to 30 June 2020 (unaudited)	Six months to 30 June 2019 (unaudited)
	€ 000	***€ 000***
Spain	13,929	17,264
United Kingdom	611	-
Rest of Europe	9,395	10,495
Rest of World	5,121	5,319
	29,056	33,078

3.2 **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 30 June 2020 or 30 June 2019.

4. Exceptional Items

The following table provides a breakdown of exceptional items:

	Six months to 30 June 2020 (unaudited)	Six months to 30 June 2019 (unaudited)
	€ 000	***€ 000***
Restructuring costs	(209)	(96)
	(209)	(96)

Restructuring costs for the six months ended 30 June 2020 were either costs incurred as a direct result of the COVID pandemic or a subsequent restructuring programme in response to the pandemic. Restructuring costs for the six months ended 30 June 2019 represented costs associated with the departure of employees and other fees as a part of an ongoing cost saving plan

5. Income Tax

The tax impact for the period has been calculated using the standard tax rate per country in which the group operates:

Spain	***Germany***	***Holland***	***USA***	***UK***	***France***
25%	*16%*	*16,5%*	*21%*	*20%*	*28%*

Holland tax rate has changed. In 2019 was 19% and for 2020 will be 16,5%. The rest of countries has not changed.

6. Earnings / (loss) per share: basic and diluted

From continuing operations

Basic earnings/(loss) 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/(loss) per share have been calculated on a similar basis considering dilutive potential shares.

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

	Six months to 30 June 2020 (unaudited)	**Six months to 30 June 2019 (unaudited)**
(loss) / Earnings for the period attributable to shareholders (€000)	(413)	154
Weighted average number of shares	46,640,000	46,640,000
Basic (loss) / Earnings per share (€)	(0.009)	0.003
Adjusted basic earnings per share (€)	0.016	0.006
Dilutive weighted average number of shares	47,777,975	47,777,975
Diluted (loss) / Earnings per share (€)	(0.009)	0.003
Adjusted diluted earnings per share (€)	0.016	0.006

7. Goodwill, intangible and tangible assets

GOODWILL

	Goodwill € 000
Cost	
At 31 December 2019	9,350
Exchange differences	4
At 30 June 2020	9,354
Carrying amount	
At 31 December 2019	9,350
At 30 June 2020	9,354

	Customer relationships, brands and backlog € 000	Software € 000	Total € 000
Cost			
At 31 December 2019	15,233	302	15,535
Additions	-	264	264
At 30 June 2020	15,233	566	15,799
Accumulated amortisation			
At 31 December 2019	4,915	172	5,087
Charge of the period	454	14	468
At 30 June 2020	5,369	186	5,555
Carrying amount			
At 31 December 2019	10,318	130	10,448
At 30 June 2020	9,864	380	10,244

PROPERTY, PLANT & EQUIPMENT

	Property	Plant and equipment	Other plant, tools, and furniture	Other tangible assets	Total
	€ 000	€ 000	€ 000	€ 000	€ 000
Cost					
At 31 December 2019	5,942	2,211	3,743	9,996	21,892
Reclasifications	47	28	(61)	(14)	-
Additions	77	135	86	244	542
IFRS 16 – Right of use assets – Additions	-	-	-	-	-
Disposals	-	-	-	(136)	(136)
Exchange differences					-
At 30 June 2020	6,066	2,374	3,768	10,090	22,298
Accumulated amortisation					
At 31 December 2019	1,979	1,391	2,803	5,366	11,539
Charge of the period	34	104	102	118	358
IFRS 16 – Right of use assets – Charges	456	-	-	-	456
Disposals	-		-	(124)	(124)
Exchange differences					-
At 30 June 2020	2,469	1,495	2,905	5,360	12,229
Carrying amount					
At 31 December 2019	3,963	820	940	4,630	10,353
At 30 June 2020	3,597	879	863	4,730	10,069

8. Notes to the cash flow statement	Six months to 30 June 2020 € 000 (unaudited)	Six months to 30 June 2019 € 000 (unaudited)
(Loss)/profit for the period before tax	**(460)**	**62**
- Depreciation and amortisation	1,282	1,230
- Loss on disposal of tangible assets	11	
- Performance share plan	30	83
- Gain on financial instruments	-	(379)
- Finance income	(26)	(86)
- Finance costs	577	471
- Exchange differences	(9)	19
Adjustments to profit/(loss)	**1,865**	**1,338**
- (Increase)/decrease in inventories	182	(128)
- (Increase)/decrease in trade and other receivables	(3,689)	825
- Increase/(decrease) in trade and other payables	1,163	1,535
Changes in working capital	**(2,344)**	**2,232**
- Interest paid	(288)	(252)
- Income tax paid	(298)	(393)
Other cash flows used in operating activities	**(586)**	**(645)**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES (I)	**(1,525)**	**2,987**

9. Borrowings and obligations under leases

	30 June 2020 € 000 (unaudited)	31 December 2019 € 000 (audited)
Syndicated loan	5,836	6,788
ICO loan	1,000	-
Capitalised costs – net	(137)	(313)
Revolving credit facility	1,571	527
Factoring facility	2,131	2,714
Lease liabilities	3,150	3,755
Other financial liabilities	169	261
Total borrowings	13,720	13,732
Amount due for settlement within 12 months	11,100	6,633
Amount due for settlement after 12 months	2,620	7,099

As of 30 June 2020, the Group had at its disposal the following borrowing facilities:

Syndicated loans

- Facility A: loan with an outstanding balance at 30 June 2020 of €1.8 million with biannual maturities of €918 thousand until expiration on March 2021; and

- Facility B: loan for a total amount of €4.0 million maturing in March 2021.

Both facilities bear interest at EURIBOR +3%.

ICO loans

On 29 June 2020, the Group entered into an agreement with its banks to access €3.0 million of new borrowing facilities through the Spanish government´s ICO loan facility. 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 30 June 2020 was €1.0 million.

Additionally, at 30 June 2020 the Group has at its disposal:

- Revolving credit facilities up to € 1,527 thousand of which €1,489 thousand were drawn.

- Factoring and discounting facilities up to € 10.5 million of which €4.5 million were drawn.

- Bank guarantees up to €10.0 million, of which €2.1 million were drawn.

As a result of the above agreements, at period end the Group had:

- Bank credit facilities totalling €12.0 million of which €6.0 million were drawn and €6.0 million were undrawn as of 30 June 2020.

10. Acquisitions

On 30 June 2019, the Group completed the acquisition of ACA Marine, SAS, acquiring the remaining 30% 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” have been adjusted, and the difference between the price paid and the provision held on the balance sheet was written back as a gain on financial instruments of €379 thousand.

11. Dividends

No dividend was declared or paid during the six months ended 30 June 2020.

12. Related party transactions

Services provided

	30 June 2020	30 June 2019
	€ 000	***€ 000***
Global Yacht Finishing, S.L.	20	20
	20	20

Services received

	30 June 2020	30 June 2019
	€ 000	***€ 000***
AKC Management Services, Ltd.	100	-
Quoque Ltd.	136	103
Global Yacht Finishing, S.L.	167	179
	403	282

AKC Management Services Ltd. offers management services to GYG. Kevin McNair is director in both companies.

GYG leases offices from Global Yacht Finishing, S.L. (being Rupert Savage (Sales & Commercial Director) and Mark Conyers (Rolling Stock Director) shareholders in this entity).

Also, in 2020 Quoque Ltd (company owned by a close family member of the Chief Executive Officer) has provided consultancy services to GYG.

All these transactions were undertaken at arm's length basis and on normal commercial terms and were pre-approved by the Board.

Balances

	30 June 2020	31 December 2019
	€ 000	***€ 000***
AKC Management Services, Ltd.	(20)	(47)
Quoque Ltd.	(85)	-
Global Yacht Finishing, S.L.	(84)	(29)
	(189)	(76)

13. Financial instruments

Set out below are the carrying values and fair values of the Group's financial instruments:

	30 June 2020 (unaudited)	31 December 2019 (audited)
	€ 000	*€ 000*
Financial assets		
At amortised cost		
Cash and other financial assets	2,981	5,529
Other financial assets (loans and receivables – long term)	177	144
Trade and other receivables	12,312	8,656
	15,470	14,329
Financial liabilities		
At amortised cost		
Amortised cost - borrowings (note 8)	8,270	7,002
Obligations under leases (note 8)	3,150	3,755
Other financial liabilities (note 8)	169	36
Liabilities under factoring facilities	2,131	2,714
Trade, deferred income and other payables	18,737	17,468
At fair value through P&L		
Derivative instruments not designated hedge accounting relationships	5	14
	32,462	30,989

As of 30 June 2020, and 31 December 2019, "Loans and receivables – long term" relates to guarantees paid to tenants to cover responsibilities derived from the leasing contracts.

IFRS 13 requires the classification of financial instruments measured at fair value to be determined by reference to the source of inputs used to derive fair value. The fair value of the net investment in finance leases has been calculated by discounting the expected future cash flows at the market interest rate.

14. Post Balance sheets events

No events have occurred after 30 June 2020 that might significantly influence the information reflected in these consolidated financial statements.