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THIS IS AN ANNOUNCEMENT OF A POSSIBLE OFFER FALLING UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE"). IT DOES NOT CONSTITUTE AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE AND THERE CAN BE NO CERTAINTY THAT ANY SUCH OFFER WILL ULTIMATELY BE MADE.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

12 April 2021

GYG plc ("GYG" or "Company")

Response statement regarding announcement made by Harwood Capital LLP ("Harwood Capital")

The Board of GYG notes the announcement made at 4.36pm on 9 April 2021 ("Announcement") by Harwood Capital, one of the Company's major shareholders, that it is in the preliminary stages of evaluating a possible offer for the entire issued and to be issued share capital of the Company ("Possible Offer") of 92.5p in cash per ordinary share in the capital of GYG ("Ordinary Share"), such Possible Offer currently expected to include an unlisted securities alternative. The Possible Offer price represents, as stated in the Announcement, a premium of approximately 10.78 per cent. to the closing middle market price of 83.5p per Ordinary Share on 8 April 2021. The Board further notes that the Possible Offer price also represents a premium of approximately 6.32 per cent. to the closing middle market price of 87p per Ordinary Share on 9 April 2021.

The Board confirms that, on 7 April 2021, Harwood Capital verbally expressed its interest in making a possible offer for the entire issued and to be issued share capital of the Company. The Board also confirms that it received a preliminary, conditional written proposal from Harwood Capital regarding the Possible Offer ("Possible Offer Letter") simultaneously with the Announcement.

The Directors note the following in relation to the Possible Offer:

1. The Possible Offer is subject to material pre-conditions including satisfactory completion of commercial, accounting/tax and legal due diligence by Harwood Capital and its appointed professional advisers on GYG, via full access to the Company's senior management and relevant information, with this process expected to take six weeks;
2. The letter of intent from Lombard Odier Asset Management (Europe) Limited ("Lombard Odier") referenced within the Announcement of the Possible Offer is not legally binding and represents only an expression of Lombard Odier's present intention. In particular, Lombard Odier has reserved its rights either to change its intention or to dispose of the shares which are the subject of the letter of intent at its absolute discretion; and
3. Due to the expected inclusion of an unlisted securities alternative within the structure of the Possible Offer, Harwood Capital has acknowledged within the Possible Offer Letter that, subject to counsel's formal opinion, any firm offer made under Rule 2.7 of the Code will need to be structured by way of a Scheme of Arrangement to avoid the requirement for the publication of a prospectus under the Prospectus Regulation Rules of the Financial Conduct Authority. Implementation of the Scheme of Arrangement would require, inter alia, the approval at a duly convened court meeting by (i) greater than 50 per cent. by number of those GYG shareholders choosing to vote; and (ii) 75 per cent. or more of the Ordinary Shares voted by value. The clients of Harwood Capital which currently hold Ordinary Shares would not be entitled to vote at the Court Meeting.

Accordingly, the Board emphasises that the announcement of the Possible Offer does not constitute a firm intention to make an offer under Rule 2.7 of the Code and GYG shareholders are strongly urged to take no further action at this time.

GYG will announce its annual results for the financial year ended 31 December 2020 on 14 April 2021 as previously advised. The Directors welcome the opportunity to engage with independent shareholders to appraise them fully of the current trading and prospects for GYG. Armed with feedback from this consultation process, the Board will meet with its advisers to consider the unsolicited Possible Offer and will issue a further response statement thereafter.

There can be no certainty that a firm offer will be made by Harwood Capital, nor as to the terms on which any such offer might be made.

This announcement is not being made with the consent of Harwood Capital.

In accordance with Rule 2.6(a) of the Code, Harwood Capital is required, by no later than 5.00 p.m. on 7 May 2021, either to announce a firm intention that it will make an offer for GYG in accordance with Rule 2.7 of the Code or to announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline may be extended with the consent of the Panel on Takeovers and Mergers in accordance with Rule 2.6(c) of the Code.

The individual responsible for releasing this announcement is Sue Steven, Group Company Secretary.

As a consequence of the Announcement by Harwood Capital on 9 April 2021, an 'Offer Period' has now commenced in respect of the Company in accordance with the rules of the Code. The attention of the Company's shareholders is drawn to the disclosure requirements of Rule 8 of the Code, which are summarised below.

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Notice related to financial advisers

N+1 Singer Advisory LLP, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for GYG and no-one else in connection with the Possible Offer and will not be responsible to anyone other than GYG or providing the protections afforded to clients of GYG or for providing advice in relation to the Possible Offer or any other matter referred to in this announcement.

Disclosure requirements of the Code:

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Rule 26.1 disclosure

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available at www.gygplc.com, by no later than 12 noon (London time) on the business day following the date of this announcement. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

Rule 2.9 disclosure

In accordance with Rule 2.9 of the Code, GYG confirms that, as of close of business on 9 April 2021 (being the last business day prior to the release of this announcement), it had in issue 46,615,500 ordinary shares of 0.2 pence each (excluding treasury shares). The International Securities Identification Number for the Ordinary Shares is GB00BZ4FM652.

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