30 September 2021

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

2021 Interim Results

H1 performance impacted by Nobiskrug administration, positive momentum in Q3 going 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 2021.

Financial Highlights

- Group revenue increased 28.2% to €37.3m (H120: €29.1m)
  - Coatings (Refit and New Build) revenue increased 30.8% to €32.0m (H120: €24.5m)
  - Supply revenue increased 16.1% to €5.3m (H120: €4.6m)
- Adjusted EBITDA[1] decreased 25.0% to €1.2m (H120: €1.6m)
- Adjusted EBITDA[2] excluding Nobiskrug provision increased 25.0% to €2.0m (H120: €1.6m)
- Operating loss of (€0.6m) (H120: profit of €0.1m)
- Loss before tax of (€1.1m) (H120: profit before tax €0.5m)
- Net debt[3] of €14.8m at 30 June 2021 (30 June 2020: €10.9m)
- Cash of €0.9m at 30 June 2021 (€3.0m at 30 June 2020)
- Bank facilities extended in March 2021. This provided greater flexibility to deal with the short-term working capital challenges presented by the Nobiskrug administration

External events

- On 9 April 2021, Harwood Capital LLP ("Harwood"), one of the Company's major shareholders, announced that it was in the preliminary stages of evaluating a possible unsolicited offer for the Company
- On 12 April 2021, the Company was informed that Nobiskrug Shipyard GmbH ("Nobiskrug") had entered administration where the Company was working on two New Builds and a large Refit with a potential total exposure of €2.8 million (exclusive of VAT) in addition to the subsequent delay in expected future revenues.
  - Management immediately engaged with the adminsitrators and owners of the yachts to agree terms for the works to be continued but the situation has taken much longer to resolve than initially expected, partly due to the yard's takeover and new ownership
  - An agreement in principle has now been reached with the relevant parties under which, subject to agreement of legal documentation, the Company expects to complete all three projects
  - The Directors are confident that at least €2.0m of the exposure related to the Refit will be recovered before works restarts on it. A bad debt provision of €772k was recognised in the period relating to the two New Build projects but management also believes there is a realistic prospect for this to be recovered

Operational Highlights

- The current financial year started with a strong Order Book, with Q1 2021 revenues 21% ahead of the prior year and improved Q1 EBITDA margin of 10.9%
- Nobiskrug administration led to a significant loss of operational efficiency over the ensuing months as the Company needed to maintain the highly skilled labour force it had built up in anticipation of future demand
- Work continued on seven of the eight New Build contracts signed before 2021, completing two and with one more to start in H2
- Relationships solidified with the majority of key European shipyards due to the high quality service provided on the recent New Build projects. This has led to an uplift in the Group's core Refit business expanding into these yards alongside on-going discussions for further new multi-ship New Build contracts
- Supply division's new branding and renewed focus on direct yacht sales through Pinmar Yacht Supply delivering positive results, with yachtowners now appreciating the depth and capabilities of this division
- There remains high interest in the AkzoNobel SF Sprayable filler system which is being applied on two New Builds; the market is welcoming new technologies and innovation across the paint sector where GYG remains the pioneer in this space

Post period end

- On 28 July 2021, the Company entered into a loan agreement with Harwood for €3.0 million to provide additional working capital funding in light of Nobiskrug
- Following an audit by the Spanish tax authorities of periods prior to the Company´s IPO in 2017, the Company reached a settlement covering the periods under review and took an associated provision of €1.1 million in relation to tax and associated interest charges
- Strong momentum continued in Refit during Q3 with contracts being signed earlier in the year than usual

Order Book[4]

- Strong Order Book at 22 September 2021 provides significant forward visibility

Order Book at:	Total Order Book	Current Year	Current Year +1	Forward Order Book
22 September 2019	€43.6m	€16.4m	€22.1m	€5.1m
22 September 2020	€53.8m	€20.4m	€27.8m	€5.6m
22 September 2021	**€48.0m**	**€16.2m**	**€24.8m**	**€7.0m**

Outlook

- Coatings division expected to complete three New Build projects in H2 2021 whilst continuing work on two more, driving increased New Build revenue into 2022
- Advanced negotiations underway for multi-ship New Build contracts to commence in 2022 and 2023, attributed to the high quality work performed over the past 18 months and the maturing relationships with the key European shipyards
- The growth in New Build contracts further consolidates the Group's position as a preferred supplier and strengthens our Refit market share as these New Builds become loyal Refit clients
- We continue to assess further organic and inorganic growth opportunities
- Despite the significant disruptions caused by Nobiskrug in H1, the underlying market remains healthy as demonstrated by the strong order book for H2 2021 and beyond
- The Superyacht industry is seeing a post-Covid boom and significant new demand is being reported by the shipyards both in New Builds and Refit work. The Group is well postioned to meet this growing demand and increase market share

(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) Excludes bad debt provision of €772k relating to certain invoices outstanding with Nobiskrug

(3) 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

(4) 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

Remy Millott, Chief Executive of GYG plc, commented:

> *"The Group experienced a difficult end to the first half of 2021. Q1 trading gave us confidence that we were on track for a significant inprovement in performance in the period however, unfortunately, for reasons outside of our control, external events heavily impacted Q2 and, therefore, H1 overall. As demand and our market share across the industry was increasing, we focused on retaining the majority of our highly skilled labour force. However, the issues at Nobiskrug and the associated delays to planned work schedules and revenue recognition have created unexpected and temporary inefficiencies which impacted the Group's margins in the period and continued into the second half.*
>
> *The Group's more traditional superyacht Refit and Supply markets have remained stable during this period and the Group has experienced a rapid acceleration in contract signings for projects in Q4 2021 and into 2022. Building on our reputation for the highest operating standards and excellence in service delivery, the team continues to work on a number of potential leads on projects for delivery over the remainder of 2021 and beyond in Spain, France and Northern Europe, while maintaining the Group´s keen focus on future gross margin improvement. These projects, when signed, coupled with the robust outlook for the market, will reinforce the strength of the forward Order Book and associated revenue visibility.*
>
> *Whilst it is difficult to forecast precisely the timing and impact that the potential projects could have on the current year outturn, it is now clear to the Board that, as a result of the protracted and complicated negotiations associated with the Nobiskrug administration, the associated delays in revenue and negative impact on operational efficiency, 2021 will not be the year of progress for the Group that had initially been anticipated. As a result, the Group is trading behind the Board's previous expectations for the current year. The Board does, however, remain confident in both the medium-term to longer-term growth prospects of the Group and the scope to deliver future margin improvement."*

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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.

Nothing in this announcement shall constitute a profit forecast under rule 28 of the City Code on Takeovers and Mergers.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No. 596/2014 (as retained in UK law).

Chief Executive's Statement

Overview

The current financial year started with the Group's disciplined focus and strong momentum in 2020 continuing into the first quarter of 2021. This was the basis for a positive Q1 performance, with revenues well ahead of the same period last year and a significant improvement in Q1 margins, which has been management´s focus for some time. The strong Order Book included a good balance of New Build and Refit projects in the schedule for 2021.

On 9 April 2021 Harwood, one of the Company's major shareholders, disclosed that it was in the preliminary stages of evaluating a possible offer for the Company for the entire issued and to be issued share capital of the Company at a price of 92.5 pence per share with an unlisted securities alternative ("Possible Offer").

As part of Harwood's announcement of its unsolicited Possible Offer, it stated that it had received a letter of intent to accept (or procure acceptance of) or vote (or instruct the vote) in favour of the Possible Offer, if made, from GYG's largest institutional shareholder, Lombard Odier Asset Management (Europe) Limited.

The Directors immediately commenced discussions with Harwood regarding its intentions. As part of this exercise, the Company also spoke with several other significant shareholders to gauge their response to Harwood's approach. As a result of these discussions, the Company agreed to allow Harwood a period of due diligence so that Harwood could form a better view from which to make any firm offer under The City Code on Takeovers and Mergers ("Takeover Code").

Shortly after Harwood's unsolicited Possible Offer, the Group's positive operational momentum generated over Q1 was severely disrupted by the sudden administration process initiated on 12 April 2021 at the Nobiskrug shipyard in which we were part way through a large Refit project and two smaller New Builds with a total combined contract value of €14.4m.

These external events arose outside of the Group's control and have been very time consuming and distracting for the Board and senior management team.

Harwood subsequently informed the Board that, subject to the agreement and recommendation of the Board, it would reduce the cash consideration under any firm offer made by Harwood under the Takeover Code to 70 pence per share, together with a contingent value right ("CVR") instrument, whereby GYG shareholders could potentially receive additional value predicated, inter alia, on a future exit event occurring. The Board notes that the precise terms of such CVR instrument are still to be agreed between the parties.

Any such offer is also expected to be conditional upon, inter alia, satisfactory resolution of the Nobiskrug administration, including payment of amounts owed to the Company. The Company remains engaged in discussions with Harwood about the terms and conditions of any such offer and has provided a series of extensions to the deadlines set out under the Takeover Code to allow these discussions to reach a conclusion.

With regard to the Nobiskrug administration, further details on the financial impact of this event are set out in the Financial Review but it has led to a significant loss of operational efficiency over the ensuing months as the Group found itself with a significant proportion of its workforce suddenly without work but with the prospect of potentially restarting the three impacted projects in the yard relatively quickly.

Unusually, the Refit project was substantially larger than either of the New Builds and accounted for approximately 72% of the Group´s outstanding invoices with Nobiskrug. Management immediately engaged in discussions with the administrator and the owner of the Refit vessel about resuming work on the project. Those discussions have taken significantly longer to complete than any of the parties initially anticipated, partly because new owners for the shipyard were found during the discussions. However, we continue to have weekly dialogue with the main parties and an agreement in principle has been reached which includes the full repayment of the €2.028m historical debt relating to the Refit contract. The Board is confident that the project will restart in the coming weeks, all outstanding invoices for the Refit project will be paid ahead of the works recommencing, and that the project will be completed on broadly the same commercial terms that were originally in place.

With regard to the two New Build projects, we remain in discussions with the management company that is responsible for overseeing both projects and an agreement in principle has also been reached to complete the projects. Further details will be provided when available but the Board is optimistic about the prospect of completing both projects in H1 2022. At 30 June 2021, the less advanced nature of the commercial discussions with the management company was such that the Group took a provision of €772k in the H1 period end balance sheet for potential bad debts in relation to these two New Build projects. The Board believes, however, that there is a realistic prospect of recovery of the full amount.

Despite the impact of the Nobiskrug situation, revenue for the six months ended 30 June 2021 was €37.3m, an increase of 28.2% over the same period in 2020.

The Coatings division experienced growth across all geographies despite many yachts enjoying an extended winter season following the Covid-related disruption through 2020. The US Refit market took a little longer to recover from the pandemic but trading in the US is anticipated to return to more normal levels in H2.

The Supply division had a solid first half in line with the Board's expectations, winning several new contracts as a result of its successful strategy to target larger yachts directly for global supply.

Notwithstanding the impact of the Nobiskrug administration, the Group continues its operational focus to deliver improved gross margins, a reduction in fixed costs and business process improvements. As a result of these initiatives, adjusted EBITDA excluding the Nobiskrug provision was up 25% to €2.0m in the period.

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. As a result, the Group started 2021 with seven New Build projects under way, three of which were completed. New Build revenue for the six months ended 30 June 2021 was €10.1m, an increase of 99% over the same period in 2020.

During 2021, the Group signed two new New Build contracts and is currently in advanced discussions regarding a number of others, which we believe is a direct consequence of the Group´s high quality performance on recent projects and its maturing relationships with the major Northern European shipyards. These projects are all expected to start either later in 2021 or H1 2022. Additionally, for the first time ever, the Group is in discussions with two different yards about contracts for multiple New Builds under single agreements. The Group's focus on improving its leading industry reputation and pioneering position in the New Build sector has been recognised and is continuing to grow, providing numerous opportunities for the Group.

The Board is confident that 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. The strong future Order Book highlights the significance of these higher margin New Build shipyard relationships to provide greater visibility over forward revenues and will enable further efficiency. The growth in the Group's market share of the New Build sector will contribute directly to strengthen the Refit pipeline.

Refit

The strong sales momentum experienced in Refit during 2020 continued into 2021. The major Refit project in Nobiskrug was expected to bolster revenue and margins during the summer months, which tends to be a quieter period for Refits due to normal Mediterranean cruising patterns. The entry into administration of Nobiskrug in April effectively delayed the remainder of that revenue until H2 2021 and Q1 2022.

Despite this, Refit revenue for the six months ended 30 June 2021 was €22.0m, an increase of 13% over H1 2020.

Post the period end, the Group has experienced a high level of Refit contract wins for H2 2021 and H1 2022 which gives the Board confidence that there is still room for substantial growth within the Refit segment of the market in terms of both contract value and number of Refits as the fleet continues to grow. La Ciotat Shipyard in France is nearing completion of its new 4,000 ton syncrolift, which will make it one of the most renowned refit shipyards in our industry and the Group, as a preferred supplier, is well placed to satisfy this new capacity as a result of our investment and development. The Board expects that this will be one of the Group's fastest growing refit hubs over the next 12 months.

Supply Division

During 2020, the Supply division rolled out its new branding across all platforms following the realignment of its growth strategy. This exercise showed positive results as revenues in the period grew to €5.3m, an increase of 16.1% over the previous year. Historically, the Supply division was renowed for its B2B distribution agreements which were driven by the core refit business. However, as the number of superyachts increase along with the demand to supply them, the Supply division has repositioned itself as a Yacht Supply Company with positive results and feedback. Yacht owners are beginning to understand that, with the depth of knowledge, experience and skills of its dedicated staff, Pinmar Yacht Supply can meet all their supply requirements. This will lead to strong growth in this division for the Group.

We have also recently agreed terms with a supply company in La Ciotat to be a Premium Retail Partner. Under this arrangement, we provide a high volume of goods on mutually acceptable terms using our branding in a new facility in the expanding shipyard. This allows strong growth without the Group having to carry additional staff and overheads.

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 by 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 (50m +) of the sector, which is our key focus and the fastest growing segment of the market. The implementation of process and system improvements during 2019 and 2020 provided a solid foundation to deliver further operational improvements in 2021, as evidenced by our improved underlying EBITDA contribution in the period.

Greater visibility in the Order Book and rigourous monitoring of manpower and asset utilisation rates improved the Group's underlying trading performance during the period. The Board expects to see the benefits of these programmes to continue over the remainder of 2021 and in to 2022.

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 intend to disclose the full results when the projects are completed, 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.

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 our project management team in readiness for our increased levels of forecasted activity.

We continue 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 which started in 2020 is progressing to plan and expected to be completed in Q1 2022.

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 overall superyacht market has not only recovered from the downturn caused by the COVID-19 pandemic, but in fact appears to be in a period of strong growth. Sales of superyachts are going from strength to strength in both the new and used yacht markets with demand outstripping supply in certain situations according to the latest market report from Superyacht Times[1].

With the disrupted projects carried over from 2020, the Orderbooks of the leading New Build shipyards are nearly full leading to increased build times for new purchases, which has in turn led to a surge in used yacht sales as new owners want to take to the seas as soon as possible.

The alignment of the superyacht market with the wealth of the UHNWI population continues to be apparent. Owners from the United States have the largest share of the existing superyacht fleet, currently standing at 23%[1]. According to Forbes[2], the total American billionaire wealth stood at $4.6 trillion at the end of April 2021. That is an increase of 35% from $3.4 trillion when markets opened on January 1, 2020, just as Covid-19 was beginning to take hold.

The Refit market appears strong with a mix of projects taking place during H1. There were the delayed Refits initially due to engage during H2 2020 alongside the traditional scheduled works during the early months of the year in Europe in preparation for summer cruising. Some owners are also looking to extend the use of their vessels and have scheduled their major Refit work after the summer season and into H2 2021.

The demand for ever increasing support facilities to service the growing superyacht fleet, both in terms of overall fleet size and the growth in larger yachts within the fleet, continues to drive improvements in shipyard infrastructure. 'Project Atlas' currently underway at the La Ciotat Shipyard in France will bring online a 40,000m^2 refit platform including a 4,300GT shiplift in 2022 which can cater for yachts up to 115m in length.

We remain positive that the New Build and Refit markets that we serve will deliver an improved performance in 2021 against 2020 as the global situation normalises and returns to the stable growth seen across the previous decades.

1. Source - Monaco Yacht Show Market Report 2021 by Superyacht Times, September 2021

2. Source - https://www.forbes.com/sites/chasewithorn/2021/04/30/american-billionaires-have-gotten-12-trillion-richer-during-the-pandemic/

Financial performance

Revenue for the six-month period to 30 June 2021 increased 28.2% to €37.3m (H120: €29.1m). The higher revenue can be attributed to a strong Order Book built up over the course of 2020, significantly less COVID related impact during 2021 and some project delays that pushed revenue from H2 2020 into H1 2021.

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. Management still expects the usual H2 weighting of activity in the Refit sector to continue to benefit the Group in the second half of 2021 albeit with some disruption as a result of the aforementioned Nobiskrug administration.

The higher revenues during the period did not translate into higher operating profits or margins as adjusted EBITDA decreased by 25.0% to €1.2m in the period (H120: €1.6m). This translates into an adjusted EBITDA margin of 3.3% for the period (H120: 5.6%).

The principal cause of the drop in profitability can be attributed almost exclusively to the impact of the Nobiskrug administration. If the impact of the provision taken against outstanding invoices related to Nobiskrug is excluded, Adjusted EBITDA increased to €2.0 million, giving an adjusted EBITDA margin of 5.3%, marginally below the 5.6% reported in the prior year. The delay of revenue associated with the three Nobiskrug projects which was scheduled to take place led to significant losses in operational efficiency. Without this impact, management is confident that the adjusted EBITDA margin for the period would have been higher than the 5.6% reported in 2020, as seen in Q1 2021.

The €8.9m increase in operating costs (not including exceptional items, performance share plan costs, depreciation and amortisation) represents an increase of 30.7% on H1 2020 but is tied directly to increased revenue and the aforementioned issues around Nobiskrug. The operating loss for H1 of €0.6m reflects the points made earlier about reduced operating efficiency (H120: profit of €0.1m).

Net finance costs of €0.5m were slightly lower than the previous period (H120: €0.6m).

Following an audit by the Spanish tax authorities for periods prior to the Company's IPO in 2017, the Company reached a settlement covering the periods under review and took an associated provision of €1.1m during H1 2021. This is materially higher than the charge for the same period in 2020 which was €0.0m. As a result of this, the loss after tax of €1.8m (H120: loss of €0.4m) was significantly higher than the same period in 2020.

Financial Position

As stated in our 2020 Final Results on 26 April 2021, the Group reached an agreement with its banks in March 2021 to change the repayment terms of one of its loans, a bullet loan, to extend the payment dates. The entire loan of €4.0 million was due to be repaid in March 2021 but, under the terms of the new agreement, the loan will be repaid in four equal tranches of €1.0 million starting on 30 June 2021 followed by December 2021, June 2022 and December 2022. The first payment was made on 30 June 2021. The Group´s banks remain supportive.

Net debt at 30 June 2021 was €14.8m (H120: €10.9m) reflecting increased reliance on the Group´s working capital facilities following the administration of Nobiskrug.

See note 9 of the Financial Statements for more details on borrowings.

The administration at Nobiskrug had a material, detrimental short term effect on the Group´s working capital position. Not only did the Group not receive payment for the outstanding amounts due, €2.8 million (net of VAT), but there was also a subsequent delay of revenue that had been expected while the three Nobiskrug projects remained suspended. This exacerbated the normal seasonal trading profile of the business.

To ensure sufficient liquidity to avoid a working capital shortfall, Harwood extended a loan of €3.0 million to the Group, repayable by 31 December 2021. The loan facility was fully drawn on 28 July 2021.

Based on the Group´s most recent financial forecasts, which include assumptions around contract wins, the timing of revenues, the margins achievable on projects, and a successful resolution to the Nobiskrug situation, the Board believes that the Group can generate sufficient working capital to meet its working capital requirements and repay its borrowings as they fall do. As a result, the Board does not believe that it will need to seek additional funding from shareholders in the foreseeable future to maintain operations or to meet its obligations.

Dividend Policy

The Board is encouraged by the positive momentum prior to the disruption described above 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 Board is also cognisant of the potential impact of climate change. While the ultimate impacts on society and the economy are unclear at this point, it does not believe that climate change will have a material impact on the Group in the short to medium term. Management 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 is leading the industry with pioneering technologies in the paint application process to reduce its environmental impact.

COVID-19

The Group responded quickly and effectively to mitigate the impacts of COVID-19 during 2020 and saw a positive client response. While the Group is still experiencing additional costs, administrative burdens and some travel restrictions as a result of the pandemic, the Board does not believe that the pandemic will have a material impact on its financial performance assuming current conditions of the pandemic either prevail or improve.

Brexit

In an already volatile year, the Board is pleased to announce that Brexit has not had a material impact on the Group or its operations. The Group has experienced some minor supply chain issues and additional administrative work in relation to moving workers in and out of the UK post Brexit but the Board does not believe that these will have any noticeable impact on the Group´s future prospects.

Outlook

For reasons explained elsewhere, the Group experienced a difficult end to the first half of 2021. The second half also started more slowly than expected due to the delays in restarting work at Nobiskrug and associated deferral of forecast revenue whilst this matter is resolved.

The Group's more traditional superyacht Refit and Supply markets have remained stable during this period and the Group has experienced a rapid acceleration in contract signings for projects in Q4 2021 and into 2022. This has resulted in a strong Order Book for the Group providing a degree of underpinning to future revenues, as detailed below:

Order Book at:	**Total Order Book**	**Current Year**	**Current Year +1**	**Forward Order Book**
22 September 2019	€43.6m	€16.4m	€22.1m	€5.1m
22 September 2020	€53.8m	€20.4m	€27.8m	€5.6m
22 September 2021	**€48.0m**	**€16.2m**	**€24.8m**	**€7.0m**

The team continues to work on a number of potential leads on projects for delivery over the remainder of 2021 and beyond while maintaining the Group's keen focus on enhancing gross margin. These projects are not reflected in the table above and, if and when confirmed as firm orders, would reinforce further the strength of the forward order book.

Whilst it is difficult to forecast precisely the timing and impact that the potential projects could have on the current year outturn, it is now clear to the Board that, as a result of the protracted and complicated negotiations associated with the Nobiskrug administration, the associated delays in revenue and negative impact on operational efficiency, 2021 will not be the year of progress for the Group that had initially been anticipated. As a result, the Group is trading behind the Board's previous expectations for the current year. The Board does, however, remain confident in both the medium-term to longer-term growth prospects of the Group and the scope to deliver future margin improvement.

Condensed consolidated statement of comprehensive income

Six months to 30 June 2021

	Note	**Six months to 30 June 2021 € 000 (unaudited)**	**Six months to 30 June 2020 € 000 (unaudited)**
Continuing operations			
Revenue	3	37,328	29,056
Operating costs		(37,886)	(28,965)
Adjusted EBITDA	3	1,224	1,612
Depreciation and amortisation		(1,611)	(1,282)
Performance share plan		(171)	(30)
Exceptional items	4	-	(209)
Operating profit / (loss)		**(558)**	**91**
Gain on financial instruments	10	-	-
Finance costs - net	8	(537)	(551)
(loss) / Profit before tax		**(1,095)**	**(460)**
Tax	5	(708)	47
(loss) / Profit for the period		**(1,803)**	**(413)**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(8)	38

Total comprehensive (loss) / profit for the period		**(1,811)**	**(375)**
(loss) / Profit for the period attributable to:			
Owners of the company		(1,811)	(413)
Non-controlling interest		-	-
Total comprehensive (loss) / Profit for the period attributable to:			
Owners of the company		(1,811)	(375)
Non-controlling interest		-	-
(loss) / earnings per share	6		
Basic		(0.039)	(0.009)
Diluted		(0.038)	(0.009)

Condensed consolidated balance sheet

As at 30 June 2021

	Note	As at 30 June 2021 € 000 (unaudited)	As at 31 December 2020 € 000 (audited)
ASSETS			
Non-current assets			
Goodwill	7	9,285	9,270
Other intangible assets	7	10,172	10,096
Property, plant and equipment	7	11,871	11,169
Other financial assets		209	197
Deferred tax assets	5	748	429
Total non-current assets		**32,285**	**31,161**
Current assets			
Inventories		2,899	3,129
Other financial assets	12	105	6
Trade and other receivables	12	15,013	11,070
Current tax receivable	12	1,009	687
Cash and cash equivalents	12	864	3,600
Total current assets		**19,890**	**18,492**
TOTAL ASSETS		**52,175**	**49,653**

LIABILITIES	Note	As at 30 June 2021 € 000 (unaudited)	As at 31 December 2020 € 000 (audited)
Current liabilities			
Trade, deferred income and other payables	12	(17,886)	(15,724)
Current tax liabilities	12	(2,724)	(2,407)
Obligations under leases	9	(1,739)	(2,035)

Borrowings	9	(9,540)	(9,789)
Provisions	13	(1,562)	(356)
Derivative financial instruments		-	(2)
Total current liabilities		**(33,451)**	**(30,313)**
Net current liabilities		**(13,561)**	**(11,821)**
Non-current liabilities			
Obligations under leases	9	(1,570)	(904)
Borrowings	9	(2,847)	(2,572)
Deferred tax liabilities		(2,442)	(2,359)
Long-term provisions	13	(19)	(19)
Total non-current liabilities		**(6,878)**	**(5,854)**
Total liabilities		**(40,329)**	**(36,167)**
Net assets		**11,846**	**13,486**
EQUITY			
Share capital		106	106
Share premium		7,035	7,035
Retained earnings		4,156	5,959
Translation reserve		(21)	(13)
Capital redemption reserve		114	114
Share based payment reserve		456	285
Equity attributable to owners of the Company		**11,846**	**13,486**
Total equity		**11,846**	**13,486**

Condensed consolidated statement of changes in equity

For the Six months ended 30 June 2021

	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 2021	**106**	**7,035**	**5,959**	**(13)**	**114**	**285**	**13,486**	**-**	**-**	**13,486**
Credit to equity for share-based payments	-	-	-	-	-	171	171	-	-	171
Total comprehensive profit for the period	-	-	(1,803)	(8)	-	-	(1,811)	-	-	(1,811)
Balance at 30 June 2021 (Unaudited)	**106**	**7,035**	**4,156**	**(21)**	**114**	**456**	**11,846**	**0**	**0**	**11,846**

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 cash flow statement

Six months to 30 June 2021

	Note	Six months to 30 June 2021 € 000 (unaudited)	Six months to 30 June 2020 € 000 (unaudited)
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES (I)	8	**(709)**	**(1,525)**
- Purchase of intangible assets		(556)	(264)
- Purchase of property, plant and equipment		(1,834)	(543)
- Proceeds from disposal of intangible assets		(31)	-
CASH FLOWS USED IN INVESTING ACTIVITIES (II)		**(2,421)**	**(807)**
- Proceeds from leases		1,331	-
- Proceeds from bank borrowings		1,879	1,748
- Repayments of obligations under leases		(964)	(605)
- Repayments of borrowings		(1,852)	(1,331)
CASH FLOWS USED IN FINANCING ACTIVITIES (III)		**394**	**(188)**
Effect of foreign exchange rate changes (IV)		-	(28)
NET DECREASE / (INCREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**(2,736)**	**(2,548)**
Cash and cash equivalents at the beginning of the period		**3,600**	**5,529**
Cash and cash equivalents at the end of the period		**864**	**2,981**

Notes to the condensed set of financial statements

Six months ended 30 June 2021

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 2021 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 2020, 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), have been delivered to the Registrar of Companies. The auditor's report on the 2020 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 30th September 2021.

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 (IFRSs) in conformity with the requirements of the Companies Act 2006, the interpretations issued by the IFRS Interpretations Committee (IFRS IC) 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 and parent company will continue to be able to meet their liabilities as they fall due, for at least 12 months of the date of approval of these financial statements.

In evaluating the going concern assumption, management prepared a base case profit and loss and cash flow forecasts to December 2022 (the going concern assessment period), including assessing compliance with borrowing covenants. This forecast, based upon the contracted Order Book, demonstrates sufficient 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 a successful resolution of the Nobiskrug situation, winning new revenue contracts, the forecasting of the timing of the work that will be undertaken and the margin that will be achieved on these contracts.

Management have also prepared various severe but plausible downside scenarios. Under these 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. The Directors believe that there are various steps they could take in terms of cost reduction and capital expenditure that should ensure that the Group could remain in compliance with its covenants going forward.

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.

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.

2.3 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

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 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.

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 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.

3.1. Segment revenues and results

Segment information about the above businesses is presented below for the six-month period ended 30 June 2021 and 2020:

Consolidated six months to 30 June 2021 (unaudited)	**Coating**	**Supply**	**Total reportable segments**
	€ 000	**€ 000**	**€ 000**
Revenue	32,015	5,313	37,328
Gross Profit	6,059	1,055	7,114
Adjusted EBITDA	876	349	1,224
Depreciation and amortisation			(1,612)
Performance share plan			(171)
Exceptional items			0
Operating Profit			**(558)**
Finance costs - net			(537)
Loss before tax			**(1,095)**

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)**

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 2021 (unaudited)	**Six months to 30 June 2020 (unaudited)**
	€000	***€000***
Spain	17,177	13,929
United Kingdom	0	611
Rest of Europe	17,497	9,395
Rest of World	2,654	5,121
	37,328	29,056

3.2 Information about major customers

In June 2021 there was three relevant customers whose revenues contributed 10% or more to the Group's revenue, related to the coating segment and representing a total amount of €18,241 thousand.

4. Exceptional Items

The following table provides a breakdown of exceptional items:

	Six months to 30 June 2021 (unaudited)	**Six months to 30 June 2020 (unaudited)**
	€ 000	***€ 000***
Restructuring costs	-	(209)
	-	(209)

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.

5. Income Tax

The tax credit in the Income statement was as follows:

€000	**Six months to June 30 2021**
Current tax	118

Deferred tax	145
Permanent differences	45
Spanish tax inspection	(1,016)
Total tax	**(708)**

The effective tax rate for the six months to June 30, 2021 was 66 per cent. The substantial majority of the Group's activities are taxed where the main operations are based, being Spain, Deutschland, Holland, USA, United Kingdom and France, with corporation tax rates during 2021 and 2020 of 25 per cent, 15.825 per cent, 25 per cent, 21 per cent, 19 per cent and 28 per cent respectively. These result in an expected effective tax rate of 17 per cent.

The difference between the actual effective tax rate of 66 per cent and the expected effective tax rate of 17 per cent was primarily due to the €1,016 million impact of the Spanish tax inspection and the €0.190 million increase in unrecognised deductible temporary differences. The details of the unrecognised temporary differences are given in the table below:

€000	**Six months to June 30 2021**
Other losses, permanent differences and temporary differences	
USA Permanent differences	54
BV Permanent differences	(9)
Property, plant & equipment	145
Spanish tax inspection	(1,016)
	(826)

In determining the recoverable amounts of the Group's deferred tax assets, the Group applied the future cash flow projections from the approved business plans. Given the estimation uncertainty of the timing and duration of the recovery from COVID-19, the Group exercises judgement in the determination of cash flows during this recovery and subsequent periods. In exercising this judgement, while there are no time restrictions on the utilisation of historic tax losses in the principal jurisdictions in which the Group operates, future cash flow projections are forecast for a period of up to two years from the balance sheet date.

The Spanish Tax Authority has recently conducted an audit into certain legacy tax matters relating to a period several years prior to the Company's IPO on AIM in 2017. accounts. The audit formal conclusion was received on and agreement in principle has now been reached as to the amount owed by the Company. The total amount owed related to prior year was €1.163 million (€1.016 million of corporate tax and €147 thousand of Finance expense).

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

From continuing operations

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 .

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):

Adjusted basic earnings/(losses)

	Six months to 30 June 2021 (unaudited)	**Six months to 30 June 2020 (unaudited)**
Earnings for the period attributable to shareholders (€000)	(1,803)	(413)
Weighted average number of shares	46,640,000	46,640,000
Basic earnings per share (€)	(0.039)	(0.009)
Adjusted basic earnings per share (€)	(0.013)	0.016
Dilutive weighted average number of shares	47,922,987	47,777,975
Diluted earnings per share (€)	(0.038)	(0.009)
Adjusted diluted earnings per share (€)	(0.013)	0.016

7. Goodwill, intangible and tangible assets

GOODWILL

	Goodwill € 000
Cost	
At 31 December 2020	9,270
Exchange differences	15
At 30 June 2021	9,285
Carrying amount	
At 31 December 2020	**9,270**
At 30 June 2021	**9,285**

OTHER INTANGIBLE ASSETS

	Customer relationships, brands and backlog € 000	**Software € 000**	**Total € 000**
Cost			
At 31 December 2020	15,233	919	16,152
Additions	-	556	556

At 30 June 2021	15,233	1,475	16,708
Accumulated amortisation			
At 31 December 2020	5,837	219	6,056
Charge of the period	461	19	480
At 30 June 2021	6,298	238	6,536
Carrying amount			
At 31 December 2020	**9,396**	**700**	**10,096**
At 30 June 2021	**8,935**	**1,237**	**10,172**

PROPERTY, PLANT & EQUIPMENT

	Property € 000	Plant and equipment € 000	Other plant, tools, and furniture € 000	Other tangible assets € 000	Total € 000
Cost					
At 31 December 2020	6,184	2,390	3,796	12,016	24,387
Additions	-	153	37	1,644	1,834
IFRS 16 - Right of use assets - Additions	-	-	-	-	-
Disposals	-	-	(15)	(18)	(33)
Exchange differences					-
At 30 June 2021	6,184	2,543	3,818	13,642	26,188
Accumulated amortisation					
At 31 December 2020	2,974	1,607	3,000	5,637	13,218
Charge of the period	52	101	103	487	743
IFRS 16 - Right of use assets - Charges	389	-	-	-	389
Disposals	-	-	(15)	(18)	(33)
Exchange differences					-
At 30 June 2021	3,415	1,708	3,088	6,106	14,317
Carrying amount					
At 31 December 2020	**3,211**	**783**	**796**	**6,379**	**11,169**
At 30 June 2021	**2,770**	**834**	**731**	**7,536**	**11,871**

8. Notes to the cash flow statement	**Six months to 30 June 2021 € 000 (unaudited)**	**Six months to 30 June 2020 € 000 (unaudited)**
(Loss)/profit for the period before tax	**(1,095)**	**(460)**
- Depreciation and amortisation	1,611	1,282
- Loss on dipossal of tangible assets		11
- Performance share plan	171	30
- Finance net costs	537	551
- Exchange differences	-	(9)
Adjustments to profit/(loss)	**2,319**	**1,865**
- (Increase)/decrease in inventories	230	182
- (Increase)/decrease in trade and other receivables	(4,269)	(3,689)
- Increase/(decrease) in trade and other payables	2,520	1,163
Changes in working capital	**(1,519)**	**(2,334)**
- Interest paid	(390)	(288)
- Income tax paid	(24)	(298)
Other cash flows used in operating activities	**(414)**	**(586)**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES (I)	**(709)**	**(1,525)**

9. Borrowings and obligations under leases

	30 June 2021 € 000 (unaudited)	**31 December 2020 € 000 (audited)**
Syndicated loan	3,000	4,918
ICO loan	3,000	3,000
Capitalised costs - net	(355)	(109)
Credit Facilities	1,752	1,311
Factoring facility	4,885	3,179
Obligations under leases	3,309	2,939
Other financial liabilities	105	63
Total borrowings	**15,696**	**15,300**

Amount due for settlement within 12 months	11,279	11,824
Amount due for settlement after 12 months	4,417	3,476

As of 30 June 2021, the Group had at its disposal the following borrowing facilities:

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. This facility has been repaid in full.

- Facility B: loan for a total amount of €4,000 thousand maturing at the end of the contract on 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.

Both facilities bear interest at EURIBOR +3%.

The loan requires compliance with certain financial covenants. For the period ended 30 June 2021, the date of the most recent test, considering the impact of Nobiskrug, a waiver was requested for the covenant test. The Directors have received verbal assurances and expect to receive the formal waiver in the coming weeks.

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 payback term was renegotiated in March 2021 extending the no repayment period from twelve months to twenty four months

The ICO facilities bear interest at 4%. The amount drawn on 30 June 2021 was €3.0 million.

Additionally, the Group has at its disposal:

- Credit facilities facilities up to €2.0 million.

- Factoring and discounting facilities up to €8 million.

- Bank guarantees up to €4.3 million, of which €0.3 million were drawn as of 30 June 2021.

As a result of the above agreements, at the period end the Group has bank facilities totalling €14.3 million of which €7 million were drawn and €7.3 million were undrawn as of 30 June 2021.

10. Dividends

No dividend was declared or paid during the six months ended 30 June 2021.

11. Related party transactions

Services provided

	30 June 2021	**30 June 2020**
	€ 000	***€ 000***
	(unaudited)	**(unaudited)**
Global Yacht Finishing, S.L.	20	20
	20	**20**

Services received

	30 June 2021	**30 June 2020**
	€ 000	***€ 000***
	(unaudited)	**(unaudited)**
AKC Management Services, Ltd.	67	100
Quoque Ltd.	(30)	136
Global Yacht Finishing, S.L.	164	167
	201	**403**

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. (Rupert Savage, a GYG Director, is a shareholders in this entity).

Also, in 2021 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 2021	**31 December 2020**
	€ 000	***€ 000***
	(unaudited)	**(audited)**
AKC Management Services, Ltd.	(60)	-
Quoque Ltd.	(51)	(25)
Global Yacht Finishing, S.L.	(127)	(92)
	(238)	**(117)**

12. Financial instruments

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

30 June	**31 December**

	2021 (unaudited)	2020 (audited)
	€ 000	*€ 000*
Financial assets		
At amortised cost		
Cash and other financial assets	864	3,600
Other financial assets	315	197
Trade, other receivables and current tax receivable	16,022	11,757
	17,201	**15,554**
Financial liabilities		
At amortised cost		
Amortised cost - borrowings (note 9)	7,398	9,120
Obligations under leases (note 9)	3,309	2,939
Other financial liabilities (note 9)	105	63
Liabilities under factoring facilities	4,885	3,179
Trade, deferred income, other payables and current tax liabilities	20,610	18,131
At fair value through P&L		
Derivative instruments not designated hedge accounting relationships	0	2
	36,307	**33,432**

As of 30 June 2021, and 31 December 2020, "Loans and receivables - long term" relates to guarantees paid to tenants to cover responsibilities derived from the leasing contracts. In addition to the previous information, we have deposit a credit card warranty in the USA in June 2021.

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.

13. Provisions

	30 June 2021 (unaudited)	31 December 2020 (audited)
	€ 000	**€ 000**
Guarantee provision	399	356
Legal and tax provision	1,182	19
	1,581	**375**

As of 30 June 2021, the Group has a current provision amounting to €399 thousand (2020: €356 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.

The Spanish Tax Authority has recently conducted an audit into certain legacy tax matters relating to a period several years prior to the Company's IPO on AIM in 2017. An agreement in principle has now been reached as to the amount owed by the Company. The total amount owed related to prior years was €1.163 million.

At 30 June 2021, the Group and its legal advisers consider that the provisions recorded are sufficient for covering future obligations.

14. Post Balance sheets events

Having regard to the current status of the situation at Nobiskrug (see note 2.2) , on 28 July 2021, the Company agreed terms for North Atlantic Smaller Companies Investment Trust plc ("NASCIT", an associate of Harwood Capital LLP ("Harwood") , the Company's second largest shareholder and therefore a related party of the Company) to provide the Company with a short-term loan ("Loan" or "Loan Agreement") for €3.0 million. The Company has, since 9 April 2021, been in an offer period (as defined in The City Code on Takeovers and Mergers), with Harwood identified as a possible offeror.

The Loan, which is secured by way of an assignment over the outstanding invoices related to work performed to date by the Company for the Nobiskrug Shipyard, attracts interest at 10% p.a.. There are no arrangement fees associated with the Loan, which can be repaid by the Company at any time without penalty on or before its maturity date of 31 December 2021.