The information contained within this announcement is deemed by the Company to constitute inside information for the purposes of Article 7 of Regulation (EU) 596/2014, as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

27 April 2022

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

2021 Final Results

GYG (AIM: GYG), the market leading global superyacht service and supply group, today announces its audited Final Results for the year ended 31 December 2021.

Financial Highlights

- Group revenue increased 6.7% to €62.8m (FY20: €58.9m)
    - Coatings (Refit and New Build) revenue increased 4.3% to €52.9m (FY20: €50.8m)
    - Supply revenue increased 21.6% to €9.9m (FY20: €8.1m)
- Adjusted EBITDA[1] decreased to €0.5m (FY20: €5.2m)
- Exceptional costs of €3.1m driven mainly by COVID-19 and the Nobiskrug insolvency[2]
- Operating loss of €6.1m (FY20: operating profit of €1.2m)
- Loss before tax of €7.2m (FY20: profit before tax of €0.2m)
- Net debt position[3] of €18.7m at 31 December 2021 (FY20: €11.7m)
- Cash of €0.4m at 31 December 2021 (€3.6m at 31 December 2020)

Operational Highlights

- Resilient revenue performance in 2021, effectively managing the considerable disruption caused by the ongoing impact of the pandemic, the Nobiskrug shipyard insolvency and industry supply chain challenges which all impacted margins and profitability
- Record level of New Build work with revenues of €13.8m, increasing GYG's market share in sector after directly engaging with Northern Europe yards
- Significant uptake of shipyards outside of Spain taking advantage of innovative turnkey packages

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 the Directors to assess the operating performance of the Group.

2 Nobiskrug: the shipyard filed for insolvency in April 2021. In July 2021, the North German shipbuilding company, Flensburger Schiffbau-Gesellschaft, was announced as the new owner of the Nobiskrug yard.

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.

Order Book

The Total Order Book as of February 2022 stands at €55.4m, up 3% year-on-year (January 2021: €53.8m)

Order Book at:	Total Order Book	Forward Order Book*	Current Year
January 2019	€33.9m	€8.6m	€25.3m
January 2020	€44.4m	€11.6m	€32.8m
January 2021	€53.8m	€13.2m	€40.6m
February 2022	€55.4m	€18.5m	€36.9m

** Forward Order Book represents orders scheduled for completion in 2023 onwards, excluding the Supply division*

Current Trading and Outlook

- Record level Order Book of €55.4m at February 2022, up 3% year-on-year (January 2021: €53.8m)
- Further grown market share and despite challenges, strengthened goodwill across existing and new client base
- Agreement reached with the new owners of the Nobiskrug shipyard resulted in new contracts signed and payment received for historical work
- Works restarted on the large Refit contract in Nobiskrug with the turnkey project now scheduled for completion in H1 2022
- Strong pipeline of potential projects in aggregate €200m potential
- Current trading in 2022 is satisfactory and in line with Group forecasts, with margins expected to improve following the execution of operational efficiency measures

Remy Millott, Chief Executive of GYG plc, commented:

"2021 was the most challenging trading environment the Group has experienced as a result of the continued pandemic-related restrictions, ongoing supply chain shortages and the disruption from the administration of the Nobiskrug shipyard, which we are pleased to have now resolved with the new owner. Despite these unprecedented pressures, we are pleased to have delivered top-line growth with our Order Book sitting at a record level of €55.4m alongside a strong pipeline of prospective work, spanning over 185 projects amounting to around €200 million potential revenue.

"This new financial year has started robustly where our attention is firmly centred on improving the Group's profitability levels and improving margins with action already taken in terms of operational efficiencies and initiatives. GYG is highly regarded across the industry and as we continue to build and grow existing and new relationships with shipyards and suppliers, alongside the organic growth of the superyacht industry, we are well positioned to benefit from arising opportunities and grow our market share. I am grateful for the dedication of our employees who worked efficiently to manage the considerable disruptions cause by the events out of our control and continued to provide exceptional levels of client service throughout the year."

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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.

CHAIRMAN'S STATEMENT

FINANCIAL RESULTS

Whilst the Group's revenue performance was robust, 2021 results were the consequence of two sequential years of significant global challenges for the business as the continuing impact of Covid related logistics and costs, and the unexpected Nobiskrug shipyard insolvency, impacted profitability. The challenge of managing a business within a growth industry, whilst labour was in short supply, meant that the Group took steps to protect its core asset, our highly skilled employees. This will serve the Group well in the long term and, as COVID-19 issues recede, facilitate the Group's capabilities to take further market share and service future growth. The strategic review undertaken in 2019 continued to support Group turnover for the year at €62.8m, an increase of 6.7% over the €58.9m reported for 2020, evidencing the strong and growing position within the industry. The Group entered 2021 with a strong Order Book and the improved turnover for the year reflected the excellent work undertaken by every department. The Coatings division revenue increased 4.3% to €52.9m (FY20: €50.8m). The Supply division revenue increased 21.6% to €9.9m (FY20: €8.1m), as the retail sector saw a welcome return to normal trading practices in 2021.

As disclosed in the Group's trading update on 9 November, the 2021 operational challenges impacted the Group's profitability and resulted in a modest positive Adjusted EBITDA of €0.5m (FY20: €5.2m) for the year, and an operating loss before tax of €6.1m (FY20: profit before tax of €0.2m). Exceptional items amounted to €3.1m during the period, including Covid-19 related costs of €1.8m, transaction fees amounting to €0.4m and bad debts of €0.8m relating to the Nobiskrug insolvency.

Another strong year of revenues confirmed the strength of the Group's brands and the dedication of the entire team across the industry to maintain high service levels, with this momentum continuing into 2022. Despite another year of sales growth, the operational landscape was intensely challenging during the period and, as such, the Board are focused on setting a strategy that reduces operational risk through 2022, through a combination of initiatives, including the launch of an SAP provided Enterprise Resource Planning system integrating all global business areas, providing a powerful analytics tool for management; a restructuring and overhaul of workforce management systems and the recent hire of a personnel logistics manager to improve management of the Group's core cost.

The Group continues to invest capital and resources in building its strong reputation, delivering the Pinmar superior client service and developing numerous growth opportunities. The impact of the previous two years on the Group capital structure is evident, leading the Board to review options to ensure the Group is appropriately capitalised to capture potential growth opportunities.

The Board has not proposed a dividend for 2021. However, the Group continually evaluates efficient capital deployment and remains motivated to reduce debt and strengthen the balance sheet during 2022 and will continue to monitor appropriate capital requirements to further advance the business. Given the investment opportunities for growth, investors should not anticipate a dividend in 2022.

GEOPOLITICAL EXPOSURE

Current industry estimates place the wider Russian superyacht ownership at 7-10% of the global market and the Directors believe the Group's current exposure is in line with these figures. To counter any possible disruption, the team are focused on leveraging GYG global capabilities with operations across the Mediterranean, Northern Europe and the USA and have built a solid pipeline of prospective work, spanning over 185 projects amounting to approximately €200 million potential revenue.

PEOPLE AND ORGANISATIONAL DEVELOPMENT

Like my predecessor, I am hugely impressed by the resilience and passion of our employees in what has been another extraordinary and challenging year. Management and the entire operational team

have adapted quickly to further lockdown restrictions and travel parameters across the Groups diverse geographic operations, doing so with professionalism and dedication.

Improving core processes and controls remains a priority this year and the team are progressing with IT systems upgrades increasing automation, improving operational efficiency and scale for future growth.

OUTLOOK

Our 2021 revenue performance was delivered in the most volatile trading environment that the Group has yet experienced. Significant external pressures remain in 2022, specifically the current geopolitical conflict between Russia and Ukraine and the extended global economic effects of the conflict. Whilst many factors are outside of the Group's control, GYG has a very strong reputation and brand and management have a wealth of experience and industry expertise. The Group has a clear growth plan and the core fundamentals are in place to continue serving clients to the highest standard, delivering a superior product and ultimately navigate the global challenges.

Management and the Board remain vigilant and focused on delivering profitable growth and cash generation, with margins expected to revert towards their 2020 levels in 2022, following the execution of a variety of measures to enhance operational efficiency.

GYG has pioneered many of the innovations and methodologies associated with superyacht painting and is recognised as the most technically advanced applicator in the industry, while the stability of the retail division, Pinmar, continues to impress. The Group continues to evaluate next generation technologies to improve efficiency and we are confident about the prospect of growing our Pinmar offering further.

The Group remains well positioned to capitalise on the structural growth within our industry, especially in the premium 50m+ segment. GYG is recognised as the market leader by international clients and has a substantial and growing pipeline of potential contracts and a strong global order book to support initiatives and opportunities to combat external challenges beyond company control.

Finally, on behalf of the Board and shareholders, I extend our thanks to Stephen Murphy who served the Group as Chairman for many years, prior to stepping down in December 2021.

Richard McGuire
Chairman

CHIEF EXECUTIVE'S REPORT

2021 saw another year of exceptional operating challenges as the world came to understand and adapt to the enormity of the COVID-19 pandemic and, consequently, we experienced industry circumstances beyond our control. Despite this, GYG delivered a robust performance in an extremely demanding environment, effectively managing the considerable disruption caused by the ongoing impact of the pandemic, the Nobiskrug shipyard administration, and industry supply chain difficulties that became apparent specifically in Q4.

As the superyacht industry experienced a boom throughout 2021, experienced labour was in short supply. This was compounded by COVID-19, travel restrictions and quarantine regulations across Europe. In response, the Group took the decision not to lay off any skilled workforce after the Nobiskrug insolvency, in order to maintain our ability to service our clients and support future growth, which significantly affected the profitability of the Group during the year.

The superyacht industry's strong current growth phase saw yacht sales up 75% in 2021 and the leading New Build shipyards operating at full capacity for the foreseeable future. The market fundamentals remain strong, and our growing Order Book is evidence of our reputation for the highest operating standards and excellence in service delivery driving increased market share. We also welcomed a return to normal trading practices in the retail sector as pandemic restrictions eased, which saw our Supply division deliver a solid full year performance in line with our expectations.

Our people continued to work tirelessly across all our operations, specifically those organising workforce displacements contending with ever-changing travel restrictions, quarantines, lockdowns and stringent health and safety procedures across all jurisdictions, and I thank them greatly for their efforts. I would also like to take this opportunity on behalf of my Board colleagues to welcome Richard McGuire to the Board as Chairman and to thank Stephen Murphy once again for his support and stewardship throughout the demanding last few years.

OVERVIEW

A positive start to 2021 trading combined with the Group's keen focus on gross margin efficiencies gave us confidence that we were on track for a significant improvement in performance for the full financial year, however for reasons largely outside of our control, external events heavily impacted us from Q2 onwards and were very time consuming for the Board and senior management team.

On 9 April 2021, Harwood Capital, one of the Company's major shareholders, announced that it was in the preliminary stages of evaluating a possible offer for the entire issued and to be issued share capital of the Company.

Shortly after Harwood Capital's announcement, the Group's positive operational momentum generated since the start of the year was severely disrupted by the sudden administration process initiated on 12 April 2021 at the Nobiskrug shipyard. The Group had three active contracts and certain invoices outstanding, relating to work completed in 2021 at the shipyard, totalling approximately €2.8m (excluding VAT).

This 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 at short notice. On numerous occasions during this period, it appeared to the Board that a satisfactory resolution was imminent. However, the discussions took longer to conclude than originally anticipated and the associated delays to planned work schedules and revenue recognition created unexpected and temporary inefficiencies which impacted the Group's margins for the remainder of the period.

As previously announced on 29 October 2021, we received notice that Harwood Capital was no longer considering making an offer for GYG. Following collaborative discussions throughout the due diligence

process, the Board agreed with Harwood Capital's decision that it was not the appropriate time to progress a potential offer.

During the second half of the year, it became clear that the long terms effects of the COVID-19 pandemic had caused a global shortage of raw materials affecting, specifically but not exclusively, those working with chemicals involving epoxies, polyurethanes, resins and copper. These are the fundamental ingredients used in the manufacturing of the core product lines used by our Coatings division and distributed into the market by our Supply division.

This shortage inevitably led to an increase in prices of the limited raw materials in circulation to the point where we saw some products supplied in Europe increase by up to 10% depending upon the product and manufacturer. Our leading position allowed us to negotiate terms with our principal paint suppliers that will protect us against further rises until 2023 and we have factored these price increases into all future contract proposals and price tariffs to help further mitigate the impact.

Post period end, and as previously announced on 24 January 2022, we were pleased to confirm that we had reached agreement with the new owners of the Nobiskrug shipyard regarding the Refit project (the largest of the three contracts). New contracts were signed and GYG received a payment of approximately €2m relating to historical work. Our Pinmar brand professionals have recommenced work on the vessel, with this large turnkey project now scheduled for completion in H1 2022.

I am pleased that we have reached a successful conclusion with the numerous parties involved on this complex Refit project. The agreement reflects the perseverance of the client and GYG management to work together and deliver a clear solution from a complicated situation. Resolving this has been a key objective for the management team and demonstrates the importance of our position in the market as leaders in our sector.

During another exceptionally challenging year the Group has persevered, grown further market share, continued to enhance our Order Book and produced high quality work, creating further goodwill across our existing and new client base. With record levels of superyachts over 70 metres being built, the Group has started the new financial year well, with the platform in place to deliver sustainable long-term profitable growth.

FINANCIAL OVERVIEW

The Group delivered revenues of €62.8m in the year ended 31 December 2021 (FY20: €58.9m), an increase of 6.7% with an adjusted EBITDA of €0.5m (FY20: €5.2m) and an operating loss of €6.1m (FY20: operating profit of €1.2m) mostly due to the exceptional items related with ongoing COVID-19 health and safety compliance and a bad debt provision of €772k recognised in the period relating to the two Nobiskrug New Build projects. The Board believes, however, that there is a realistic prospect of recovery of the full amount of bad debt once new commercial contracts are agreed.

Our gross margins suffered as a result of the unforeseen inefficiencies mentioned above, with our average gross margin for 2021 at 15.8%, down from 30.7% in FY20. We ended the year with cash of €0.4m (FY20: €3.6m) and net debt of €18.7m, up from €11.7m in FY20. The Group’s net debt position is explained in more detail in the Financial Review. That we maintained a modest positive adjusted EBITDA even under the varied operating challenges in 2021 reflects the committed approach to improving efficiencies where possible and our ongoing cost reduction initiatives throughout the year.

The Board is confident that margins will revert towards their 2020 levels in 2022. The Board also remains confident of the potential for the Group's strategy to deliver additional market share gains and efficiencies, in turn underpinning the scope for further growth and margin improvement in the medium to longer-term.

We are currently working on several significant turnkey Refit projects alongside a number of New Build projects and continue to tender for exciting opportunities both with existing and new shipyards.

DIVISIONAL REVIEW

GYG's activities are segmented between two divisions, Coatings and Supply. For the year ended 31 December 2021 the Coatings division delivered revenues of €52.9m (FY20: €50.8m), an increase of 4.3%, and an adjusted EBITDA loss of €0.3m (FY20: €4.0m). The Supply division delivered a 21.6% increase in revenues to €9.9m (FY20: €8.1m) with an adjusted EBITDA of €0.9m (FY20: €1.1m).

Coatings division

The Group's Coatings division operates under the premier 45-year-old Pinmar brand and works globally across two segments of the superyacht market, namely New Build and Refit. With a long and well-respected history, Pinmar is recognised as the market-leading brand in superyacht painting with a reputation for premium quality having completed the fairing and finishing on many of the world's most prestigious superyachts.

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

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

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

The size and complexity of new superyachts continues to increase; in 2012 the average length of a Pinmar project was 55 metres, today it is close to 80 metres. This presents new challenges for paint applicators especially with respect to time and quality. In response to these challenges, the Group is always at the forefront of innovation and continually works with leading industry partners to introduce market leading technology into our processes such as electrostatic paint application, and ground-breaking new products such as the Awlgrip HDT range and most recently Awlgrip Awlfair Sprayable Filler, a product and application methodology that promises a step change in performance when filling and fairing New Build projects.

The Group's scaffolding brand, Technocraft, pioneered the development of yacht scaffolding and containment systems within Europe. The advanced modular construction system allows for the entire yacht to be fully enclosed, with full access, inside a controlled environment, for the entire refit period, either out of the water or while still afloat. As the size of the yachts increase these scaffold and containment structures have become a very important part of a refit, Technocraft is now offering a hard removable roof structure, where sections can be removed during the refit to allow crane access to the vessel. Offering this paint and scaffolding services as a turnkey solution is unique to GYG; Technocraft's ability to facilitate this enables the Group to work on considerably larger yachts and provides a competitive advantage when pitching and tendering for Refit projects. Technocraft services as part of a Group turnkey Refit solution contribute on average 15-20% to the total contract revenue.

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

Prompted both by the entry of new paint manufacturers to the market and changes to the technical formulation and performance of superyacht paint products, the Pinmar Paint Standard 2.0 was launched in 2017 to give Pinmar clients an even better understanding of the quality and performance of their paint work, together with improved peace of mind during the warranty period and beyond.

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

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

New Build

The Group has enjoyed a significant increase in its market share of the higher value New Build sector recently as a result of its strategy to directly engage with the leading New Build yards in Northern Europe and develop long-term relationships.

The Coatings division had another strong performance in 2021 with nine New Build projects underway in various stages throughout the year across Europe, four of which were yachts between 60 and 90 metres and five were over 90 metres.

This record level of New Build work delivered revenues of €13.8m, an increase of 3.8% over 2020 (FY20: €13.3m). Three of these projects continued into 2022 and the Group expects to start two 70+ metre New Build projects in Holland in H1 2022 and is in advanced negotiations relating to further New Build contracts including the resolution of the two outstanding Nobiskrug projects.

The Group's focus on quality continues to improve its industry reputation. This has allowed it to establish itself as the leading service provider in the sector, particularly now that many of the Group's New Build projects have been delivered. The industry is now recognising that GYG is a major player in the higher value New Build sector, providing numerous opportunities for the Group to increase its market share and drive profitable growth.

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 forward Order Book as detailed below 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 as newly built yachts enter the required 5-year service cycle.

Refit

The strong sales momentum experienced in Refit during 2020 continued into 2021 with the Group generating Refit revenues of €39.1m in 2021, an increase of 4.5% against 2020 (FY20: €37.4m).

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. With the administration of Nobiskrug in April 2021 and renegotiations on the project contract not completed until January this year, the remainder of that revenue will now be recognised in H1 2022.

The Group has seen a significant uptake in the number of shipyards outside of Spain taking advantage of GYG’s new turnkey package. This offering includes a greater number of key refit tasks which are carried out by the Group instead of being subcontracted out to third parties. Historically, Pinmar only offered painting services outside of Spain but over the past two years shipyards have contracted with GYG to complete painting, scaffolding and containment, hardware removal and reinstallation, and provision of infrastructure such as air extraction and specialised lighting. This has increased the revenue per project and given GYG a much broader engagement with these shipyards.

Despite the reduced average gross margin in 2021 as a result of unavoidable external events, we are seeing positive results from the new working practices introduced during the period such as challenging man-hour budgets using new chronograms and monitoring the project efficiencies weekly to check that stated objectives are being achieved with the manpower stretch. In conjunction with the stretch, we have implemented a stringent manpower planning program. We also move labour from project to project in a very proactive way, reducing downtime so less overall labour is needed each month resulting in a streamlined workforce.

Having a strong, consistent and visible Order Book for Refit, which is consistently growing through repeat business from clients, enables the operations department to better plan and control manpower, materials and equipment much more efficiently.

The Board is confident that there is still room for substantial growth within the Refit segment of the market in terms of both contract value and the number of Refits as we are recognised as a leading full-service turnkey solution provider rather than just paint services, and the fleet continues to expand with a steady introduction of new superyachts each year.

Supply division

2021 saw a successful return to pre-pandemic operating practices across the entire retail sector, with the Supply division’s turnover increasing as a result by 21.6% to €9.9m (FY20: €8.1m), reflecting the easing of strict COVID-19 restrictions regarding retail stores and the results of our strategic focus on direct yacht sales.

Like most businesses, superyachts are streamlining their supply chain by selecting key suppliers who can provide them a fast, efficient and personalised service, with direct delivery to the yacht’s current or future location. These practices have remained in place after the easing of restrictions, as the advantages became clear to captains, pursers, and fleet procurement managers.

Our retail stores continue to service the daily chandlery needs of yachts in Refit, carrying a focused range of key marine brands offering products including paints and varnishes, cleaning consumables and deck maintenance materials and tools. Specially created areas also provide a better experience

for clients to meet with Pinmar Yacht Supply account managers to discuss current and future purchasing requirements.

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.

Pinmar Yacht Supply operates a network of Official Retail Partners in conjunction with smaller supply companies based in key superyacht locations across Europe. During 2021 we agreed terms with an existing member of our retail partner network in La Ciotat to become our first Premium Retail Partner due to their recent growth and relocation to a prime spot in the new retail village. 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 future prospects for this division in 2022 and beyond as we continue to take advantage of our strategy with a focus on commercial improvement and delivering value to our customers, with a strong leadership team focusing on the servicing of superyachts' purchasing requirements.

MARKET DEVELOPMENTS

According to data provided by our independent market research last year, a spike in cumulative New Build output in 2021 was forecast, caused chiefly by the number of delayed project deliveries as a result of the pandemic. A total of 69 yachts of 40 metres and above were delivered in 2021, a marked improvement over the 54 delivered in 2020, and indicative of a New Build market restabilised following the pandemic and the knock-on effects it had on the supply chain and labour force. Over the past five years the 40m+ fleet has grown by 13.4% at an average of 65 deliveries per year, confirming that 2021's output of 69 yachts was above the historic precedent.

The majority of the 40m+ fleet can be categorised in the 40-50m sector, with 58% of the active fleet falling into this size bracket. However, the trend towards larger New Build deliveries continues with the 40-50m segment forecast to grow by a CAGR of 2% between 2022 and 2026, but at the larger end of the spectrum, where GYG operates most effectively, the 70-90m and 90m+ segments are expected to reach a CAGR of 3.8% and 4.0% respectively over the next five years.

This trend continues into the Refit market as new yachts enter their regular maintenance cycle. Between now and the end of 2026, the Refit paint market is expected to grow by approximately17.8%. The 70-90m and 90m+ segments will see the largest growth, at 34.6% and 42.9% respectively. The 40-50m sector is expected to increase by 15.1%, while the 50-70m sector will grow by approximately 16.2%.

Looking directly ahead to 2022, shipyards are predicting a record-breaking number of 122 40m+ deliveries as they look to complete projects delayed from previous years combined with an increased overall demand for superyachts. This is putting New Build shipyards under increased pressure to meet delivery dates when build slots are limited and this level of output has never been seen previously.

We expect many of the predicted projects will experience delays and be pushed into 2023/2024. This is normal, and historically we have seen anywhere between 20-30% of projects moved into the following year. In 2021, that number was closer to 40% as the market continued to adjust to scheduling delays due to issues related to COVID-19. A similar levelling of the numbers is expected in 2022, resulting in a more even spread of deliveries and therefore market value across the next few years.

Over recent years there has been a consolidation of shipyards and a reduction in the number of New Build yards available to potential clients. Now with the increased demand, traditionally popular

shipyards have already sold their future build slots, allowing for the potential entry of new shipyards to take on projects.

Furthermore, there has been more investment in infrastructure projects to increase capacity at both large and small shipyards. While these projects are typically longer term, they do demonstrate the need for more build capacity globally.

Source: Superyacht Agency Market Intelligence Report, March 2022

OPERATIONAL REVIEW

GYG provides a highly skilled, mission critical service as part of the New Build 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 as detailed above.

We saw a significant improvement in operating margins at the start of the year, which has been management's focus for some time, with greater visibility in the Order Book and rigorous monitoring of manpower and asset utilisation rates improving the Group's underlying trading performance during the Q1 period.

Notwithstanding the impact of the Nobiskrug administration, the Group continued its operational focus to deliver improved gross margins, a reduction in fixed costs and business process improvements throughout the year, resulting in our modest positive EBITDA for the year. The Board expects to see the benefits of these programmes continue to become more apparent in 2022 as we are confident margins will revert towards 2020 levels.

The Group continues to innovate and invest in new application technology and employee training, leveraging its strong relationship with all the main superyacht paint manufacturers. Our Pinmar brand is involved with a new work placement course created by the Servei d'Ocupació de les Illes Balears (The employment service of the Balearic Islands) and the Balearic Marine Cluster of which the Group is a member. This initiative consists of a nine-month practical period based in our Son Oms Paint Facility in Palma de Mallorca learning the processes of surface preparation for yacht painting, with 500 hours of theoretical study running in parallel and the possibility of a full-time placement within the Group once the course is complete.

We continued our cost management efforts during 2021 with the efficient restructuring and consolidation of Group workshops and storage assets. In Palma, we reallocated resources across our various paint facilities in the Son Oms industrial estate to better utilise space and improve the workflow of our off-site paint and fittings operations. We also consolidated our Technocraft scaffold storage area and repair workshop into existing Group facilities to reduce costs.

Due to increased demand from both our Pinmar project teams and Pinmar Yacht Supply yacht clients and trade partners, we expanded our warehousing in Barcelona which is located inside the ZAL Port Barcelona. The ZAL Port (Zona d'Activitats Logístiques) is the intermodal logistics platform of the Port of Barcelona.

Our new 1,500m^2 facility is a mix of logistics space and offices for our materials management team and will serve as the main hub for supplying our retail stores and portfolio of Official Retail Partners across Europe. This prime location also allows our team to offer a fast, reliable, and high-quality service directly to yachts, shipyards, and trade applicators in the greater Barcelona area.

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 where needed to match our 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 H1 2022 with the launch of our new ERP system.

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.

Although we have been unable to operate our planned charitable fundraising events across the last two years due to COVID-19 restrictions, I would like to highlight a few of the charitable contributions we have made to some very special people and organisations during the year.

We are proud to support the Superyacht Charities foundation with their annual Superyacht Ball and Seafarers Supper fundraising events, which raise significant amounts of money for several good causes as seen here - www.superyachtcharities.com/beneficiaries/.

We sponsored the incredible Mark Delstanche as he became the first person in the world ever to row solo and unsupported from New York to London, a challenge which took him over three months and raised money for several charities in the process - www.northatlanticsolo.com.

And finally, in a case close to our hearts, we are proud to sponsor a former employee's professional ParaBadminton career following his recovery from a life altering traffic accident suffered in 2020.

COVID-19

The Group responded quickly and effectively to mitigate the impacts of COVID-19 during the initial outbreak in early 2020 and throughout the many months since, drawing 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 going forward assuming current conditions of the pandemic continue to improve.

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

ENVIRONMENT AND SUSTAINABILITY

As the world's leading superyacht service and supply group, the Group has an obligation to demonstrate leadership to the community in corporate sustainability and challenge industry norms in regard to climate change; to minimize our environmental footprint, to offer the most sustainable solutions to clients and to act with integrity across all of our operations.

Our first Sustainability Action Plan is currently under development and due for release in H1 2022. This plan outlines the specific actions that GYG will undertake itself and by partnering with other stakeholders in the period of 2022 to 2026. The development of this plan is consistent with the actions of many shipyards both domestically and internationally, where Climate Action Plans and carbon footprint reduction strategies are commonplace.

The Group has in place an Environmental Management System certified by Lloyds Register following ISO 14001:2015 international standards. We currently have many in-house projects underway to reduce our impact on the environment, with the most recent initiatives focusing on more efficient energy use, reducing business related travel and offsetting emissions from air travel, and modernising the company fleet vehicles to lower-emission models.

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

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

As a direct result of our 3-year fundraising partnership with the Blue Marine Foundation (BLUE), which saw 25% of our Pinmar Golf charity fundraising allocated to environmental matters, BLUE and local partners have evaluated the extent of illegal fishing in the Balearics and are developing a programme to reduce this impact on marine protected areas in Mallorca and across the Balearics.

BLUE commissioned a report to present the findings of an investigation into illegal, unreported and unregulated (IUU) fishing in the Balearics. The report highlights the major sources of illegally caught fish, how and where they are being caught, and where they are being sold. A sustainable, traceable seafood label is being developed to make buyers aware of the provenance of their seafood, and ensuring fishers are rewarded by a fair price for their sustainable catch as well as reduced competition from the illegal market.

Workshops and discussions have been held with restaurants and hotels to build a "critical mass" of businesses that support the moves towards sustainable, traceable fish. Workshops and discussions have been held with fishers to begin the development of an official "code of responsible/sustainable fishing conduct," that will exist alongside the new certification scheme. More information on BLUE's ongoing environmental efforts can be found at www.bluemarinefoundation.com.

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

GROWTH STRATEGY

As indicated earlier in this report, the industry is currently experiencing a strong growth phase with record used-yacht sales driving Refit opportunities and New Build order books at full capacity in the premium shipyards.

Reported by Bloomberg, citing data from maritime market data firm Vessels Value, a total of 887 superyachts were sold in 2021. This figure is more than 75% over 2020 sales and more than double the number sold in 2019. Boat International's latest review of the 2022 New Build Global Order Book reports 398 projects in build or on order over 37m, a rise of 15% over 346 in 2021. The number of projects started without a confirmed owner (known as speculative production) has dropped to its lowest level since Boat International's records began, with just 25.5% of the 2022 Order Book representing "spec" builds, down from 39.3% in 2021.

As the true extent of the COVID-19 pandemic became clear across the world in late 2020 with lockdowns and strict travel restrictions in place, many UHNWIs recognised superyachts as secure, private getaways on which they could take refuge. This led to soaring interest from new buyers within the leading New Build shipyards, especially those producing full custom builds. As a result, build slots for 2021 and 2022 were rapidly secured and it is now a challenge for would-be buyers to find a semi-

custom project available for purchase before 2024, with even longer delays before deliveries are available for full custom productions.

The Group is well placed to exploit this strong growth period in the market, and we continue to see positive results from our New Build strategy, confident that our focus of securing preferred supplier status within the key Northern European shipyards remains critical to delivering long-term growth. The Group has achieved a significant increase in its market share of this premium market segment over recent years with plenty of headroom for continued growth both within the yards it currently serves and through developing targeted new relationships with other leading shipbuilders.

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

La Ciotat Shipyards in France is nearing completion of its 'Project Atlas' megayacht platform which features a new 4,300 ton syncrolift capable of lifting out yachts up to 115 metres in length and the installation of 40,000m^2 of associated hard standing space. This upgrade will make La Ciotat one of the most renowned Refit shipyards in our industry and the Group, as a preferred services 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.

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

During 2021, the Monaco Yacht Show and Fort Lauderdale International Boat Show (FLIBS) saw a welcome return to large-scale marine events, and we look forward to a busy programme of industry networking events and boat shows throughout 2022. The success of these shows, especially considering the compromises made to ensure COVID-19 compliance, shows the value of having face time with the leading figures within the industry and building deeper relationships with our partners.

Our growth plan for the Supply division remains focused on servicing the purchasing needs of the growing superyacht fleet and extending our service proposition beyond our physical locations so we can capture a greater share of their annual spend.

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

CURRENT TRADING AND OUTLOOK

The Total Order Book as of February 2022 stands at €55.4m, up 3% year-on-year (January 2021: €53.8m). The Current Year Order Book for 2022 is €36.9m, which is slightly lower than the January 2021 book following two Refit contracts being recently postponed to 2023. The Order Book represents contracts agreed at this date and as in prior years, the Board will update the market with significant additional contracts throughout 2022.

Order Book at:	Total Order Book	Forward Order Book*	Current Year
January 2019	€33.9m	€8.6m	€25.3m
January 2020	€44.4m	€11.6m	€32.8m
January 2021	€53.8m	€13.2m	€40.6m
February 2022	**€55.4m**	**€18.5m**	**€36.9m**

** Forward Order Book represents orders scheduled for completion in 2023 onwards, excluding the Supply division*

The Group remains focused on delivering operational improvements, including the use of new technologies to aid efficiency, and consolidating its market share in Northern Europe. With record levels of superyachts over 70 metres being built, the Group has started the new financial year well, with the platform in place to deliver sustainable long-term growth.

The Group has experienced a robust start to the year in terms of operations and contract wins. The Group has two +70 metre New Build projects which started in Holland in March and is in advanced negotiations relating to further New Build contracts.

No discussion of the trading outlook for the Group would be complete without some comment on the current geopolitical environment. Current industry estimates place the wider Russian superyacht ownership at 7-10% of the global market and the Directors believe the Group's current exposure is in line with these figures. To counter any possible disruption, the team are focused on leveraging GYG global capabilities with operations across the Mediterranean, Northern Europe and the USA and have built a solid pipeline of prospective work, spanning over 185 projects amounting to approximately €200 million of potential revenue.

On the back of a robust Current Year Order Book, the outlook for the Group for 2022 is encouraging for 2022. Whilst the Board expects the impact of COVID-19 to be substantially less as we exit the pandemic, the Board remains mindful of the potential for future changes in lockdowns and travel restrictions as well as the wider geo-political environment, which may affect the full year performance.

Remy Millott
Chief Executive Officer

FINANCIAL REVIEW FOR THE YEAR ENDED 31 DECEMBER 2021

Year ended 31 December 2021	Coatings	Supply	Total reportable segments
	€000	€000	€000
Revenue	52,921	9,899	62,820
Adjusted EBITDA	(345)	851	506

Year ended 31 December 2020	Coatings	Supply	Total reportable segments
	€000	€000	€000
Revenue	50,760	8,138	58,898
Adjusted EBITDA	4,033	1,130	5,163

Revenue in the year ended 31 December 2021 increased 6.7% to €62.8m (FY20: €58.9m). This was driven by a 4.3% increase in turnover in the Coatings division and a 21.6% increase in the Supply division. Some of the growth in turnover reflects the return to more normal trading conditions following the start of the COVID pandemic in 2020. Added to this was the fact that the Group started 2021 with the strongest Order Book in its history.

In April 2021, the Group's largest client at the time, Nobiskrug Shipyard GmbH went into administration. At the time, the Group had outstanding receivables with Nobiskrug of €2.8m (net of VAT). The Group had been working on a large Refit project and two smaller New Build projects in the yard. The outstanding receivables related to the Refit project totalled €2.0m and those related to the two New Build projects totalled €0.8m.

The impact of the Nobiskrug administration on operating efficiency and working capital was significant. The Group had geared up operationally for the three projects to delivery revenue and the associated cashflow over the subsequent months in 2021. Despite the best efforts of all stakeholders, it took until January 2022 to resolve the contractual issues around the large refit project. Discussions are ongoing in relation to the two new builds. This left the Group with a larger workforce than was ideal. The potential imminent restart of the refit project meant that significantly downscaling the workforce would have left the Group unable to complete the project and, eventually, the workforce would be required for the busy refit season in Q4.

As a result of the negative impact on operating efficiencies of Nobiskrug, operating costs (not including exceptional items, impairment, performance share plan costs, depreciation and amortisation) increased by 17.0% from €57.7m in FY20 to €67.5m in FY21. The Group's operating margins accordingly decreased in 2021, resulting in:

- an operating loss of €6.1m in the year (FY20: profit of €1.2m);
- an adjusted EBITDA of €0.5m (FY20 €5.2m); and
- a net loss, excluding exceptional items, impairment and performance share plan costs, for the year of €3.7m (FY20: profit of €1.4m).

The exceptional items of €3.1m in the year (FY20: €1.0m) relate to additional costs incurred directly as a result of the pandemic which the Group will not incur going forward, a provision of €0.8m in relation to outstanding receivables from Nobiskrug, and €0.4m of professional fees incurred as a result of the approach from Harwood Capital.

Financial expenses of €1.1m in the year (FY20: €1.1m) mainly related to interest on the syndicated loan signed in March 2016, various working capital facilities, finance leases and foreign exchange rates.

EARNINGS PER SHARE AND DIVIDENDS

Net loss for the year was €6.7m (2020: profit of €0.3m). Loss per share was €0.14 (FY20: profit of €0.00 per share) and adjusted basic loss per share was €0.14 (FY20: profit of €0.07).

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

Diluted earnings/(losses) per share have been calculated on a similar basis taking into account dilutive potential shares.

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

	Year ended 31 December 2021	Year ended 31 December 2020
Earnings for the period attributable to shareholders (€000)	(6,712)	252
Weighted average number of shares	46,640,000	46,640,000
Basic earnings per share (€)	(0.14)	0.00
Adjusted basic earnings per share (€)	(0.5)	0.07
Dilutive weighted average number of shares	47,987,728	47,987,728
Diluted earnings per share (€)	(0.14)	0.00
Adjusted diluted earnings per share (€)	(0.05)	0.07

The Board believed it was in the best interest of the Company not to pay a dividend in relation to FY2021, and investors should not anticipate a dividend in 2022.

FINANCIAL POSITION

Cash and cash equivalents totalled €0.4m at 31 December 2021 compared to €3.6m as at 31 December 2020. The decrease year on year was driven principally by increased operating costs and the impact

of the delay in payments from Nobiskrug. As a result, the net debt as at 31 December 2021 was €18.7m, compared to €11.7m as at 31 December 2020.

As previously mentioned, the administration at Nobiskrug had a material, detrimental effect on the Group's working capital position. To ensure sufficient liquidity to avoid a working capital shortfall, North Atlantic Smaller Companies Investment Trust plc ("NASCIT", an associate of Harwood Capital LLP ("Harwood"), the Company's second largest shareholder) provided the Group with a short-term loan for €3.0 million which was repayable on 31 December 2021. The loan facility was fully drawn on 28 July 2021 and replaced in December 2021 with a loan from Harwood Capital, subsequently restructured post year end and partially repaid. At 26 April 2022, the outstanding balance of €1.0 million was scheduled to be repaid by 31 July 2022.

Total net assets on the balance sheet were €6.8m as at 31 December 2021, compared to €13.5m as at 31 December 2020.

CASH FLOW

Net cash outflow from operating activities was €2.7m for the year (FY20: outflow €0.3m). Net cash used in investing activities was €1.6m for the year (FY20: outflow €3.4m). Net cash used in financing activities was €1.1m for the year (FY20: inflow €1.6m) mainly corresponding to the new Harwood loan, increased use of working capital facilities and new finance leases.

Overall net cash outflow for the year was €3.2m compared to €1.9m for FY20.

SUBSEQUENT EVENTS

In January 2022, the Group reached an agreement with the new owner of the Nobiskrug shipyard in relation to the large Refit project. Under the terms of the new agreement, the Group agreed to complete the project on broadly similar commercial terms to the original contract and received payment for the outstanding invoices in relation to that project, totalling €2.0m. A bad debt provision of €772k was recognised during the year in relation to the remaining outstanding invoices with Nobiskrug.

FINANCIAL OUTLOOK

As set out in the Chief Executive's Report, the Directors are confident about the Group's prospects going forward. That having been said, the uncertainty surrounding the current geopolitical situation is significant and is discussed in detail in the Chief Executive's report. For this reason, the audit opinion in the 2021 accounts contains a material uncertainty in respect of going concern as relates to severe but plausible downside risk although the audit opinion will remain unqualified. As mentioned in the Chairman's statement, the Directors are reviewing the Group's capital structure to ensure that it will optimise the Group's ability to grow the business successfully.

The other significant external factor that is impacting the global economy is the inflationary pressures that arose prior to the current geopolitical problems. All major economies are experiencing significant inflation in the cost of raw materials which is feeding through to the costs of goods purchased. Wage inflation is also a significant issue across Europe and the USA.

The majority of the Group's employees are based in Spain. Wage inflation from 2021 to 2022 was capped at approximately 2.5%. In terms of materials, the Group is seeing prices rise by 5% to 10% depending upon the product. We were able to negotiate terms with our principal paint suppliers that will protect us against further rises until 2023. The largest inflationary pressures are in the cost of energy. GYG is not an energy intensive business so the Directors do not believe that increased energy costs will have a material impact on the Group's prospects in 2022.

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

Kevin McNair
Chief Financial Officer

COVID-19 REPORT

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

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

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

Over the course of 2021, the impact of the pandemic began to lessen. Each country set its own restrictions and those evolved throughout the year. Testing and tracing remained in place throughout the year in every country where the Group operates. This was a welcome alternative to the travel restrictions that had so badly impacted 2020. The operational impact decreased with each passing month and the successful rollout of vaccines allowed significantly less restrictive travel and work practices as the year progressed.

By the beginning of 2022, the impact of the pandemic, while still present, was marginal in terms of operations. Assuming that no further variants emerge which cause a return to previous restrictions, the Directors do not believe that the pandemic will have a material effect on the Group going forward.

Financial impact

Although the Directors are confident that the Group responded rapidly and effectively to the evolving pandemic in both 2020 and 2021, there were still material financial impacts on the Group during both periods.

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

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

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

As mentioned previously, many of these restrictions were either relaxed or eliminated over the course of 2021.

In 2021, the significant COVID related costs totalled €1.8m (2020: €0.8m) and these have been treated as exceptional. These costs in 2021 were comprised of PCR tests, additional accommodation and associated travel costs incurred specifically as a result of COVID. By early 2022, rules and restrictions

related to COVID had been relaxed to the point that the Group was not having to absorb these additional costs any longer.

Moving forward, the remaining costs associated with COVID will be treated as ordinary operating expenses. Barring any unforeseen future developments, the impact of COVID on the Group's financial results should be insignificant.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note(s)	31 December 2021 € 000	31 December 2020 € 000
Continuing operations			
Revenue	**4**	62,820	58,898
Operating costs	**5**	(68,905)	(57,665)
Adjusted EBITDA		506	5,163
Depreciation and amortisation	**12,13**	(3,500)	(2,995)
Performance share plan	**22**	1	90
Exceptional items	**6**	(3,092)	(1,025)
Operating (loss)/profit	**5**	**(6,085)**	**1,233**
Finance costs – net	**9**	(1,124)	(1,050)
(Loss)/profit before tax		**(7,209)**	**183**
Tax	**10**	497	69
(Loss)/profit for the period		**(6,712)**	**252**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(19)	57
Total comprehensive profit / (loss) for the period		**(6,731)**	**309**
(Loss) / profit for the period attributable to:			
Owners of the company		(6,712)	252
Total comprehensive (loss) / profit for the period attributable to:			
Owners of the company		(6,731)	309
(Losses)/earnings per share for (loss)/ profit attributable to the ordinary equity holders of the company €	**11**		
Basic		(0.14)	0.00
Diluted		(0.14)	0.00

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

ASSETS	Note	2021 € 000	2020 € 000
Non-current assets			
Goodwill	**12**	9,344	9,270
Other intangible assets	**12**	10,052	10,096
Property, plant and equipment	**13**	11,921	11,169
Other financial assets	**23**	225	197
Deferred tax assets	**10**	1,936	429
Total non-current assets		**33,478**	**31,161**
Current assets			
Inventories	**14**	3,608	3,129
Other financial assets	**23**	130	6
Trade and other receivables	**15**	15,020	11,070
Current tax receivable	**15**	676	687
Cash and cash equivalents	**16**	443	3,600
Total current assets		**19,877**	**18,492**
TOTAL ASSETS		**53,355**	**49,653**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	2021 € 000	2020 € 000
Current liabilities			
Trade, deferred income and other payables	**18**	(22,550)	(15,661)
Current tax liabilities	**18**	(2,483)	(2,470)
Lease liabilities	**13**	(1,374)	(2,035)
Borrowings	**17**	(12,882)	(9,789)
Provisions	**19**	(195)	(356)
Derivative financial instruments	**23**	-	(2)
Total current liabilities		**(39,484)**	**(30,313)**
Net current liabilities		**(19,607)**	**(11,821)**
Non-current liabilities			
Lease liabilities	**13**	(1,872)	(904)
Borrowings	**17**	(3,064)	(2,572)
Deferred tax liabilities	**10**	(2,162)	(2,359)
Long-term provisions	**19**	(19)	(19)
Total non-current liabilities		**(7,117)**	**(5,854)**
Total liabilities		**(46,601)**	**(36,167)**
Net assets		**6,754**	**13,486**
EQUITY			
Share capital	**20**	106	106
Share premium		7,035	7,035
Retained (deficit)/earnings		(753)	5,959
Translation reserve		(32)	(13)
Capital redemption reserve		114	114
Share based payment reserve		284	285
Equity attributable to owners of the Company		**6,754**	**13,486**
Total equity		**6,754**	**13,486**

The Consolidated financial statements were approved by the Board of Directors on 27 April 2022 and signed on its behalf by:

Remy Millott
Chief Executive Officer

Kevin McNair
Chief Financial Officer

Registered Number: 10001363

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital € 000	***Share premium € 000***	***Retained (deficit)/ earnings € 000***	***Translation reserves € 000***	***Capital redemption reserve € 000***	***Share based payment reserve € 000***	***Total € 000***
Balance at 1 January 2020	**106**	**7,035**	**5,707**	**(70)**	**114**	**375**	**13,267**
Charge to equity for share based payments	-	-	-	-	-	(90)	(90)
Transactions with owners in their capacity of owners	**-**	**-**	**-**	**-**	**-**	**(90)**	**(90)**
Profit for the year	-	-	252	**-**	-	-	252
Other comprehensive income for the period		-	-	57	-	-	57
Total comprehensive profit for the period	**-**	**-**	**252**	**57**	**-**	**-**	**309**
Balance at 31 December 2020	**106**	**7,035**	**5,959**	**(13)**	**114**	**285**	**13,486**
Charge to equity for share based payments	-	-	-	-	-	(1)	(1)
Transactions with owners in their capacity of owners	**-**	**-**	**-**	**-**	**-**	**(1)**	**(1)**
Loss for the year	-	-	(6,712)	**-**	-	-	**(6,712)**
Other comprehensive loss for the period	-	-	-	(19)	-	-	**(19)**
Total comprehensive loss for the period	**-**	**-**	**(6,712)**	**(19)**	**-**	**-**	**(6,731)**
Balance at 31 December 2021	**106**	**7,035**	**(753)**	**(32)**	**114**	**284**	**6,754**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

	Note	2021 € 000	2020 € 000
CASH FLOWS FROM OPERATING ACTIVITIES (I)	**21**	**(2,766)**	**(104)**
- Purchase of intangible assets		(917)	(599)
- Purchase of property, plant and equipment		(576)	(2,786)
- Acquisition of other investments		(28)	(53)
- Proceeds from disposal of property, plant and equipment		8	3
CASH FLOWS USED IN INVESTING ACTIVITIES (II)		**(1,513)**	**(3,435)**
- Proceeds from obligations under leases		-	745
- Proceeds from bank borrowings and credit facilities		6,459	4,206
- Repayment of obligations under leases		(2,485)	(1,505)
- Repayment of borrowings		(2,852)	(1,836)
CASH FLOWS GENERATED FROM FINANCING ACTIVITIES (III)		**1,122**	**1,610**
Effect of foreign exchange rate changes (IV)		**-**	**-**
NET DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**(3,157)**	**(1,929)**
Cash and cash equivalents at the beginning of the year		3,600	5,529
Cash and cash equivalents at the end of the year		443	3,600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 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 company limited by shares 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 activities of the Group are superyacht painting, supply and maintenance, offering services globally through operations in the Mediterranean, Northern Europe and the United States.

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

2. Significant accounting policies

2.1. Basis of preparation

The consolidated financial statements of the GYG plc Group has been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. GYG transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

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

The principal accounting policies adopted are set out and have been applied consistently.

2.2. New accounting standards and interpretations

The Group adopted the following new pronouncements during 2021, which did not have a material impact on the Group's financial statement:

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods an on foreseeable future transactions.

In April 2021, the IFRS IC published its final agenda decision on Configuration and Customisation costs in a Cloud Computing Arrangement. The agenda decision considers how a customer accounts for configuration or customisation costs where an intangible asset is not recognised in a cloud computing

arrangement. The agenda decision does not have a material impact on the Group in respect of the current period or prior periods.

Interest Rate Benchmark Reform --- Phase 2 (Amendments to IFRS 7, IFRS 4 and IFRS 16), which address the effects of the reform on a company's financial statements that arise when an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark

Amendments to UK and Republic of Ireland accounting standards as a result of the UK's exit from the European Union

Amendment to IFRS 16, which clarifies the extension of the practical expedient where the lessee is not required to assess whether eligible COVID-19 related rent concessions are lease modifications

Amendments to IAS 1, which address the presentation of financial statements on classification of liabilities

Revised Conceptual Framework for Financial Reporting (Amendments to IFRS 9, IAS 39 and IFRS 7) The following standards and amendments issued before 31 December 2021 with an effective date on or after 1 January 2022 have not been early adopted by the Group, they do not have a material impact on the Group's financial statement:

Amendment to IAS 12 --- deferred tax related to assets and liabilities arising from a single transaction

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16

2.3. Going concern

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

The Group meets its day-to-day working capital requirements from cash flows generated from operations, factoring and banking facilities. The Group and parent company also has various committed loan facilities which include:

- Bank loan €2m – Due for repayment in two €1m repayments in June 2022 and December 2022, which is subject to covenants and repayable on demand if covenants are breached. During the year the Group and parent company have received waivers for potential breaches of banking covenants, but no waivers are in place for any potential breaches occurring in the period of 12 months from the date of approval of the financial statements;
- Government backed COVID-19 loan facility ("ICO") €3.5m – Due for repayment over 48 equal instalments commencing June 2022; and
- Harwood facility €3m – €2m has been repaid after the year end and the remaining amount is due for repayment in July 2022.

In evaluating the going concern assumption, management prepared a base case and severe but plausible downside profit and loss and cash flow forecasts to June 2023, the going concern assessment period. The significant assumptions in these models are the timing work will be undertaken, the margin achieved and the impact these have on forecasted cash flow.

The base case model demonstrates that the Group and parent company will breach covenants on its bank loan but assumes that it will be successful in negotiating waivers. A breach of covenant is an event of default, and would require management to seek a covenant waiver from the Group's lenders, renegotiate the facilities with those lenders or repay the Group's existing lenders and seek sources of alternative funding. Without covenant waivers being obtained, the debt becomes repayable on demand in the event

of a breach with there being forecasted sufficient funds to repay the debt in the base case scenario and continue to meet its obligations as they fall due.

Management has prepared a severe but plausible downside scenario. Under this scenario, the Group and parent company continue to forecast a breach in covenants but, without sufficient waivers, would not have sufficient funds to repay the underlying loans without securing additional sources of financing. Management are confident that a refinancing would be successful if required, but have not yet commenced formal discussions with their lenders at this stage and therefore there is no guarantee that such funding will be forthcoming. Even if a waiver is obtained for the June 2022 assessment period, in a severe but plausible scenario the group and parent company would still need to raise alternative funding during Q3 2022 in order to meet its obligations as they fall due.

If waivers are successfully agreed with the lenders, the base case forecast indicates that the Group will continue to operate within its available facilities for a period of no less than 12 months from the date of approval of the financial statements, including the settlement of the loan facilities above in line with contractual terms.

These covenants have been forecast to be breached for each assessment period for the past two years. The Group has successfully obtained waivers from the banking syndicate for the past two years and therefore management fully expect to receive a covenant waiver for June 2022, which is the final covenant assessment period. Management have commenced discussion with their lenders, however a waiver has not been obtained at the date of approval of these financial statements.

Given the information available, an expectation that any forecast covenant breach would be waived, current trading and orders being received, management are confident that the forecasts will be met, and sufficient liquidity will be available to meet liabilities as they fall due, including the payment on the existing loan facilities, for a period of no less than 12 months from the date of approval of these financial statements and therefore believe it is appropriate to prepare the financial statements on a going concern basis.

However, waivers have not yet been secured from their lenders in respect of forecast breaches, and there is currently no commitment for any refinancing that may be necessary in the event that waivers are not granted.

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

2.4. Basis of consolidation

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

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

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

2.5. Business combinations

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

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

2.6. Intangible assets

Intangible assets acquired separately

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

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

Goodwill

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

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (''CGUs'') expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

Intangible assets acquired in a business combination

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

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

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

Derecognition of intangible assets

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

2.7. Revenue recognition

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

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contracts.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognises revenue from the following activities:

Rendering of services

Revenue is recognised for these services based on the stage of completion. The directors have assessed that the stage of competition of a contract is determined as follows:

- Revenue is recognised by reference to the stage of completion of the Refit or New Build project, determined as the proportion of the total time expected on the project that has elapsed at the end of the reporting period;
- revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred; and
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold.
- This is considered a faithful depiction of the transfer of goods and services to the customer as the contracts are initially priced on the basis of anticipated costs to complete the projects and therefore also represents the amount to which the Group would be entitled based on its performance to date.

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

Sale of goods

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

2.8. Leases

The group leases various offices, warehouses and equipment.

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

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

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

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.9. Exceptional items

Certain items are presented in the Consolidated Statement of Comprehensive Income as exceptional where, in the judgement of the Directors, by virtue of their nature, size or incidence, in order to obtain a clear and consistent presentation of the Group's underlying business performance they need to be disclosed separately. These are items that fall outside the normal day to day operations of the business and the Directors believe are unlikely to ever occur again. Examples of items which may give rise to disclosure as exceptional items include restructuring costs if the restructuring involves a fundamental change to the Group's business model and transaction fees if the transaction involves a significant change to the structure or investment case for the Group. See note 6 for further details.

2.10. Adjusted EBITDA

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

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

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

As a non-IFRS measure, the Company's calculation of "Adjusted EBITDA" may be different from the calculation used by other companies and therefore comparability may be limited.

2.11. Foreign currency

For the purpose of presenting these financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used.

At each period end date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing on the period end date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date

when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on changes in fair value of non-monetary assets and liabilities that are recognised directly in equity.

2.12. Taxation

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

2.12.1. Current Tax

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

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

2.12.2. Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

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

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

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

2.13. Property, plant and equipment

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

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

	Useful economic lives (years)
Property	10 – 33
Plant and equipment	3 – 10
Other plant, tools and furniture	4 - 10
Other tangible assets	3 – 20
Leases – Right of use asset	Term of lease

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

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

2.14. Impairment of tangible and intangible assets excluding goodwill

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

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

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

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

2.15. Inventories

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

2.16. Provisions

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

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

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

2.17. Financial assets

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

Recognition and derecognition

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

Measurement

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

Trade and other receivables

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

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

2.18. Cash and cash equivalents

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

2.19. Loans and receivables – long term

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

Financial liabilities

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

Derivative financial instruments

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

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

Fair value measurement

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.20. Related party transactions

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

2.21. Consolidated cash flow statements

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

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

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

- Operating activities: the principal revenue-producing activities of the entities composing the consolidated Group and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents, if they have a direct impact on current cash flows.
- Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not operating activities, if they have a direct impact on current cash flows.

2.22. Share-based payments

Equity-settled share-based payments to employees and other entities are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market vesting conditions. Details regarding the determination of the fair value of equity-settled share-based payments are set out in note 22.

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

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

2.23. Government Grants

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

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying the Group's accounting policies

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

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

3.2 Key sources of estimation uncertainty

3.2.1 *Revenue recognition*

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

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

A 1% decrease in margin on each ongoing long-term contract would change the balance of contract assets/contract liabilities by €604k.

3.2.2 *Impairment of goodwill*

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

The key assumptions for determining the value in use include the pre-tax discount rate, which has been estimated at 16.25% for the goodwill registered for each of the Coatings and Supply segments (and at 17.25% for ACA Marine, SAS) and a long-term growth rate of 3.0%. These estimates, including the methodology used, may have a significant impact on the registered values and impairment losses. Management has concluded that the estimated growth rate used does not exceed the average long-term growth rate for the relevant markets where the group operates (Europe and USA). Following the impact of the COVID pandemic over the past several months, Management are comfortable that these assumptions are still reasonable.

3.2.3 *Deferred tax asset*

The company recognises deferred tax assets only to the extent that it is probable that future taxable profits, feasible tax planning strategies and deferred tax liabilities will be available against which the tax losses can be utilised. Estimation of the level of future taxable profits is therefore required in order to determine the appropriate carrying value of the deferred tax asset. If the forecast taxable profits were to fall by 10% in future years there is no impact on the deferred tax asset recognised.

4. Segment information

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

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

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

4.1. Business segments

Segment information about the above businesses is presented below for the year ended 31 December 2021 and 2020:

Year ended 31 December 2021

	Coatings	*Supply*	*Total reportable segments*
	€ 000	*€ 000*	*€ 000*
Revenue	52,921	9,899	62,820
Gross Profit	7,874	1,978	9,852
Adjusted EBITDA	(345)	851	506
Depreciation and amortisation			(3,500)
Performance share plan			1
Exceptional items			(3,092)
Operating Loss			**(6,085)**
Finance costs			(1,124)
Loss before tax			**(7,209)**

Year ended 31 December 2020

	Coatings	*Supply*	*Total reportable segments*
	€ 000	*€ 000*	*€ 000*
Revenue	50,760	8,138	58,898
Gross Profit	15,845	2,302	18,147
Adjusted EBITDA	4,033	1,130	5,163
Depreciation and amortisation			(2,995)
Performance share plan			90
Exceptional items			(1,025)
Operating Profit			**1,233**
Finance costs			(1,050)
Profit before tax			**183**

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

At 31 December 2021 and 2020, the Group has the following specific assets allocated to the business segments:

31 December 2021

	Coatings	*Supply*	*Total reportable segments*
	€ 000	*€ 000*	*€ 000*
Goodwill	8,496	848	9,344
Inventories	1,156	2,452	3,608
Trade and other receivables	14,005	1,691	15,696
Trade, deferred income and other payables	(20,736)	(4,297)	(25,033)

31 December 2020

	Coatings	*Supply*	*Total reportable segments*
	€ 000	*€ 000*	*€ 000*
Goodwill	8,422	848	9,270
Inventories	814	2,315	3,129
Trade and other receivables	10,437	1,320	11,757
Trade, deferred income and other payables	(14,547)	(3,584)	(18,131)

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

4.2. Geographical location

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

	31 December 2021	**31 December 2020**
	€ 000	***€ 000***
Spain	30,937	25,148
United Kingdom	1	628
Rest of Europe	25,573	24,239
Rest of World	6,309	8,883
	62,820	**58,898**

At 31 December 2021 the Group has non-current assets allocated to Europe and "Rest of the World" for an amount of €31,072 thousand and €1,144 thousand, respectively (€29,415 thousand and €1,986 thousand, respectively, at 31 December 2020).

4.3. Information about major customers

The revenues from transactions with individual customers which contribute 10% or more to the Group's revenue for the year ended 31 December 2021 are detailed below. There are no revenues from transactions with individual customers which contribute 10% or more to the Group's revenue for the year ended 31 December 2020.

	31 December 2021
Customer	
Marina Barcelona 92, S.A.	18%
Alblasserdam Yachtbuilding, B.V.	15%

5. Operating (loss)/profit

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

	31 December 2021	31 December 2020
	€ 000	*€ 000*
Exceptional items (see note 6)	(3,092)	(1,025)
Net foreign exchange losses	(39)	(15)
Depreciation of property, plant and equipment	(2,539)	(1,996)
Amortisation of intangible assets	(961)	(969)
(Losses) / gains on disposals	(8)	38
Reversal of impairment/(impairment) on trade receivables	5	(32)
Cost of materials	(13,890)	(11,341)
Staff costs (see note 8)	(24,293)	(20,400)

Other losses consist net foreign exchange losses and losses on disposals.

5.1. Other operating costs

	31 December 2021	31 December 2020
	€ 000	*€ 000*
Cost of materials	13,890	11,341
Staff costs	24,293	20,400
Other costs of sales	16,426	14,114
Administrative expenses	7,705	7,880
Depreciation and amortisation	3,500	2,995
Exceptional items	3,092	1,025
Performance share plan	(1)	(90)
	68,905	57,665

6. Exceptional items

	31 December 2021	31 December 2020
	€ 000	*€ 000*
Harwood fees	(443)	-
Covid -19	(1,830)	(812)
Nobiskrug bad debt	(772)	-
Restructuring costs	(47)	(213)
	(3,092)	(1,025)

Excluding the impact of the exceptional items shown above, the operating loss for 2021 was €2,993 thousand (2020: profit €2,258 thousand).

COVID-19

During 2021, the Group incurred significant costs that were a direct result of the COVID pandemic. These costs fall into three broad categories: new costs, incremental employee related costs and additional non-employee costs. In 2020 the Group also benefited from a government backed program in the USA. These COVID related costs and benefit have been treated as exceptional.

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

New costs

In response to the pandemic, the Group incurred new costs for products and services that it had to procure which were not part of ordinary trading. These included testing (PCR, lateral flow, blood tests, etc.), PPE for the parts of the workforce that had not previously required it, screens to provide protective environments within offices and other workplaces. These costs totalled €470 thousand 2021 and €105 thousand 2020.

Additional workforce costs

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

The overall impact of these employee related costs was an increase in manpower of €152 thousand in 2021 and €425 thousand in 2020. This does not include the costs of employees who became ill with COVID which were treated as ordinary employee expenses.

Additional non-employee costs

Following the introduction of social distancing in 2020, the Group had to significantly alter its working protocols. Most seriously impacted by these changes were the Group's travel arrangements. Where previously we could accommodate four employees in an apartment on a project, we had to reduce this number to two, effectively doubling the accommodation costs on the project. In January 2022, an agreement was reached with the Group's workforce that has eliminated these additional accommodation costs going forward as social distancing requirements have been relaxed in the countries where the Group operates. Combined, these non-employee related costs totalled €1,207 thousand during 2021 and €542 thousand during 2020**.**

Loan Forgiveness

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

Harwood Fees - Potential offer by Harwood Capital

On 9 April 2021 Harwood Capital, 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.

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.

Following several months of due diligence and negotiations, Harwood informed the Group on 29 October 2021 that it would not be making a formal offer for the Group.

As part of the discussions with Harwood, to ensure compliance with various requirements of the London Stock Exchange and to manage the due diligence process, the Group incurred costs with external advisers wholly and specifically in relation to the Harwood approach. These costs, totalling €443 thousand, have been treated as exceptional in 2021.

Nobiskrug GmbH

On 12 April 2021, the Nobiskrug shipyard went into administration. At the time, the Group was working on a large Refit project and two New Build projects in this shipyard. The total amount due to the Group from Nobiskrug was €2.8 million (net of VAT). Of this amount, €2.0 million related to the Refit project and the rest related to the two New Builds.

Management immediately entered into discussions with the administrator of the shipyard, the owner of the large Refit project, and eventually the new owner of the shipyard in order to reach an agreement to restart the project. As part of these discussions, it was always agreed that the Group would receive payment for the associated outstanding invoices. As a result of this agreement, no bad debt provision was made in relation to these invoices in 2021. In January 2022, the Group received payment for the outstanding invoices and recommenced work on the Project on broadly similar terms to the original contract.

Management also entered into discussions regarding the two New Build projects. Due to the greater uncertainty surrounding the restart of these two projects, a bad debt provision of €772 thousand was taken in 2021 to reflect the diminished recoverability of those invoices.

This is the first instance of a shipyard going into administration in the Group's history. The rarity of the event, combined with the scale of the Group's exposure, led to the bad debt provision of €772 thousand associated with it being treated as exceptional.

The tax effect of the above exceptional costs amounted to €661 thousand for the year ended 31 December 2021 (€213 thousand for the year ended 31 December 2020).

7. Auditors' remuneration

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

	31 December 2021	31 December 2020
	€ 000	*€ 000*
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	153	85
Fees payable to the Company's auditors for the audit of company's subsidiaries	170	122
Additional fees payable to the company's auditors for prior year audit	41	108
Fees payable to the Company's auditors for other services:		
Other related assurance services	-	67
Other non-audit services	5	32
	369	414

8. **Staff costs**

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

	31 December 2021	31 December 2020
Senior Management	10	12
Sales & Administration	95	91
Production	327	292
	432	395

Their aggregate remuneration comprised:

	31 December 2021	31 December 2020
	€ 000	*€ 000*
Wages	18,946	16,345
Social security costs	5,347	4,055
	24,293	20,400

Directors' emoluments:

	31 December 2021	31 December 2020
	€ 000	*€ 000*
Directors' emoluments		
Salaries, fees and bonus	968	868
Performance share plan costs	110	194
Highest paid Director		
Salaries, fees and bonus	281	263
Performance share plan costs	49	105

The performance share plan costs detailed in the above table correspond to the expense registered during the year. No share options have been exercised in 2021 and 2020.

9. Finance costs

	31 December 2021	31 December 2020
	€ 000	*€ 000*
Interest on bank overdrafts and loans	677	880
Unwinding of capitalised loan issue costs (note 17)	197	-
Interest on obligations under leases	48	19
Other financial costs - net	202	151
	1,124	1,050

10. Tax

10.1 Tax recognised in profit or loss

	31 December 2021	31 December 2020
	€ 000	*€ 000*
Corporation Tax		
Current year	(142)	(47)
Prior years	(1,065)	-
	(1,207)	(47)
Deferred tax		
Timing differences	197	196
Tax losses	1,507	(80)
	1,704	116
Total	497	69

Spanish Corporation tax is calculated at 25% of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	31 December 2021	31 December 2020
	€ 000	*€ 000*
Profit/(Loss) before tax from continuing operations	**(7,209)**	**183**
Tax at the Spanish corporation tax rate (25%)	1,802	(46)
Overseas tax differences	(86)	32
Tax effect of incomes / (expenses) that are not considered in determining tax profit	(1,112)	77
Utilisation of previously unrecognised losses	-	-
Other differences	(107)	6
Total	497	69

10.2 Deferred tax balances

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

31 December 2021

	Opening Balance	Recognised in profit or loss	Closing Balance
	€ 000	€ 000	€ 000
Property, plant & equipment	108	11	119
Tax losses	1,110	1,496	2,606
Intangible and tangible assets	(3,148)	197	(2,951)
Net	**(1,930)**	**1,704**	**(226)**
Deferred tax assets	**429**	**1,507**	**1,936**
Deferred tax liabilities	**(2,359)**	**197**	**(2,162)**

31 December 2020

	Opening Balance	Recognised in profit or loss	Closing Balance
	€ 000	€ 000	€ 000
Property, plant & equipment	74	34	108
Tax losses	1,224	(114)	1,110
Intangible and tangible assets	(3,345)	197	(3,148)
Net	**(2,047)**	**117**	**(1,930)**
Deferred tax assets	**508**	**(79)**	**429**
Deferred tax liabilities	**(2,555)**	**196**	**(2,359)**

Deferred tax assets are calculated at the existing tax rates for the specific jurisdiction where the losses have occurred.

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

	31 December 2021	31 December 2020
	€ 000	*€ 000*
Between two and five years	2,607	-
More than five years	-	1,109
	2,607	1,109

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

	31 December 2021	31 December 2020
	€ 000	*€ 000*
Tax losses	483	242
Deductible temp. diff	193	-
	676	242

In determining the recoverable amounts of the Group's deferred tax assets, the Group applied the future taxable income 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. The audit formal conclusion was received on 27 July 2021 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 €1,285 thousand (956 thousand of corporate tax, 186 thousand of penalties and 143 thousand of interest expense).

11. Earnings per share for profit attributable to the ordinary equity holders of the Company

From continuing operations

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

	31 December 2021	31 December 2020
	€ 000	*€ 000*
Earnings attributable to shareholders	**(6,712)**	**252**
Amortisation of intangible assets and depreciation of tangible assets	3,500	2,995
Performance share plan	-	(90)
Exceptional items	3,092	1,025
Tax effect of above adjustments	(2,175)	(1,297)
Adjusted basic earnings	**(2,295)**	**2,885**

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 earnings per share have been calculated on a similar basis taking into account dilutive potential shares under the agreements disclosed in note 22.

	31 December 2021	**31 December 2020**
Earnings for the period attributable to shareholders (€000)	(6,712)	252
Weighted average number of shares	46,640,000	46,640,000
Basic earnings per share (€)	(0.14)	0.00
Adjusted basic earnings per share (€)	(0.05)	0.07
Dilutive weighted average number of shares	47,987,728	47,987,728
Diluted earnings per share (€)	(0.14)	0.00
Adjusted diluted earnings per share (€)	(0.05)	0.07

12. Goodwill and Intangible assets

Goodwill

	Goodwill
	€ 000
Cost	
At 1 January 2020	9,350
Exchange differences	(80)
At 31 December 2020	9,270
Exchange differences	74
At 31 December 2021	9,344
Carrying amount	
At 31 December 2021	9,344
At 31 December 2020	9,270

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

	31 December 2021	**31 December 2020**
	€ 000	***€ 000***
Coatings	8,496	8,422
Supply	848	848
	9,344	9,270

Other intangible assets

	Customer relationships, brands and backlog	Software	Total
	€ 000	€ 000	€ 000
Cost			
At 1 January 2020	15,233	302	15,535
Additions	-	617	617
At 31 December 2020	15,233	919	16,152
Additions	-	917	917
At 31 December 2021	15,233	1,836	17,069
Accumulated amortisation			
At 1 January 2020	4,915	172	5,087
Charge of the period	922	47	969
At 31 December 2020	5,837	219	6,056
Charge of the period	919	42	961
At 31 December 2021	6,756	261	7,017
Carrying amount			
At 31 December 2021	8,477	1,575	10,052
At 31 December 2020	9,396	700	10,096

Impairment reviews

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

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

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

The key assumptions for determining the value in use include the pre-tax discount rate, which has been estimated at 16.25% for the goodwill registered for each of the Coatings and Supply segments (and at 17.25% for ACA Marine, SAS) and a long-term growth rate of 3.0%. These estimates, including the methodology used, may have a significant impact on the registered values and impairment losses. Management has concluded that the estimated growth rate used does not exceed the average long-term growth rate for the relevant markets where the group operates (Europe and USA).

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

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

- Long-term growth rate: reduced from 3.0% to 2.0%
- Pre-tax discount rate: increased from 16.25% to 17.25%

If we reduce the long-term growth rate by 1% and decrease the pre-tax discount rate by 2% the level of headroom would decrease by €3 million.

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

13. Property, plant and equipment

	Property	Plant and equipment	Other plant, tools, and furniture	Other tangible assets	Total
	€ 000	€ 000	€ 000	€ 000	€ 000
Cost					
At 1 January 2020	5,942	2,211	3,743	9,996	21,892
Reclassifications	47	28	(61)	(14)	-
Additions	71	203	127	2,386	2,787
IFRS 16 – Right of use assets – Additions	516	-	-	-	516
Disposals	-	(12)	(11)	(343)	(366)
IFRS 16 – Right of use assets – Disposals	(392)	-	-	-	(392)
Exchange differences	-	(40)	(1)	(9)	(50)
At 31 December 2020	6,184	2,390	3,797	12,016	24,387
Reclassifications	219			(219)	-
Additions	20	198	68	290	576
IFRS 16 – Right of use assets – Additions	819	-	-	1,943	2,762
Disposals	-	(5)	(16)	(18)	(39)
Exchange differences	(9)	(75)	(2)	(14)	(100)
At 31 December 2021	7,233	2,508	3,847	13,998	27,586
Accumulated amortisation					
At 1 January 2020	1,980	1,391	2,803	5,366	11,540
Charge of the period	112	200	208	594	1,114
IFRS 16 – Right of use assets – Charges	882	-	-	-	882
Disposals	-	(11)	(11)	(326)	(348)
Exchange differences	-	26	-	4	30
At 31 December 2020	2,974	1,606	3,000	5,638	13,218
Charge for the period	111	189	204	589	1,093
IFRS 16 – Right of use assets – Charges	1,179	-	-	267	1,446
Disposals	-	(1)	(3)	(27)	(31)
Exchange differences	(3)	(49)	-	(9)	(61)
At 31 December 2021	4,261	1,745	3,201	6,458	15,665
Carrying amount					
At 31 December 2020	3,210	784	797	6,378	11,169
At 31 December 2021	2,972	763	646	7,540	11,921

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

The main additions for the year ended 31 December 2021 and 2020 correspond to the acquisition of machinery, other equipment, a new property lease and scaffolding.

Leases

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

	31 December 2021	31 December 2020
	€ 000	€ 000
Non-current assets: Property, plant and equipment - Right of use asset	3,239	2,906
Current liabilities: Lease liabilities	(1,374)	(2,035)
Non-current liabilities: Lease liabilities	(1,872)	(904)

The following table sets out a maturity analysis of lease payments related to IFRS16, showing the undiscounted lease payments to be made after the reporting date.

In thousands of euros	2021	2020
Less than a year	1,374	1,004
One to five years	1,872	717
More than five years	-	-

During the year, the Group made payments of €2,485 thousand towards leases (2020: €1,505 thousand).

During 2021, the Group conducted a sensitivity analysis which results that a change of a 1% in the incremental borrowing rate would have the following impact on the Group financial statements:

	2021	
	€ 000	
Balance Sheet	***1%***	***3%***
Increase/(decrease) in Right of Use assets	19	(19)
Increase/(decrease) in lease liabilities	21	(21)
Profit for the year		
Increase/(decrease) in depreciation	(2)	2

14. Inventories

	31 December 2021	31 December 2020
	€ 000	*€ 000*
Raw materials	1,156	894
Goods for resale	2,452	2,235
	3,608	3,129

The cost of inventories recognised as an expense during the year amounted to €13,890 thousand (€11,341 thousand in 2020).

15. Trade and other receivables

	31 December 2021	31 December 2020
	€ 000	*€ 000*
Trade receivables	8,685	5,798
Contract assets	5,429	4,018
Other receivables	906	1,254
Tax receivables	676	687
	15,696	11,757

Trade and other receivables are all current and any fair value difference is not material. Trade receivables are considered past due once they have passed their contracted due date.

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

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality of the customers and the amounts are still considered recoverable.

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

Amounts receivable from customers can be analysed as follows:

	31 December 2021	31 December 2020
	€ 000	*€ 000*
Amount receivable not past due	2,550	1,235
Amount receivable past due but not impaired	6,135	4,563
Amount receivable impaired (gross)	211	216
Less impairment	(211)	(216)
	8,685	5,798

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

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

	31 December 2021	31 December 2020
	€ 000	*€ 000*
<60 days	2,879	4,240
61-90 days	33	73
>91 days	3,223	250
	6,135	4,563

On 12 April 2021, the Nobiskrug shipyard went into administration. At the time, the Group was working on a large Refit project and two New Build projects in this shipyard. The total amount due to the Group from Nobiskrug was €2.1 million (net of VAT).

Management immediately entered into discussions with the administrator of the shipyard, the owner of the large Refit project, and eventually the new owner of the shipyard in order to reach an agreement to restart the Refit project. As part of these discussions, it was always agreed that the Group would receive payment for the outstanding invoices related to the Refit project. As a result of this agreement, no bad debt provision was made in relation to these invoices in 2021. In January 2022, the Group received payment of €2.2 million for the outstanding invoices and recommenced work on the Project on broadly similar terms to the original contract. A bad debt provision of €771 thousand was recognised in relation to the other Nobiskrug balances.

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

	31 December 2021	31 December 2020
	_€ 000_	**_€ 000_**
Balance at the beginning of the year	(216)	(222)
Transfer	-	(29)
Amounts written off during the year as uncollectible	772	29
Impairment losses (recognised)	(772)	(32)
Amounts recovered during the year	5	38
	(211)	(216)

Contract assets

The contract assets primarily relate to the Group's right to consideration for construction work completed but not invoiced at the balance sheet date. The contract assets are included within the caption "Trade and other receivable". The balance increased during the year by €1.4 million as the Group had worked more during the period than amount billed which is reflected in the increase in trade receivables.

16. Cash and cash equivalents

	31 December 2021	31 December 2020
	_€ 000_	**_€ 000_**
Cash and cash equivalents	443	3,600
	443	3,600

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

Net debt

Movements in net debt were as follows:

€ million	Balance At January 1, 2021	Cash flows	New Leases and modifications	Other items	Balance at December 31,2021
Bank, other loans, asset financed liabilities and other financing liabilities	12,361	3,585			15,946
Cash and cash equivalents	(3,600)	3,157			(443)
Lease liabilities	2,939	(2,485)	2,762	30	3,246
	11,700	4,257	2,762	30	18,749

€ million	Balance At January 1, 2020	Cash flows	New Leases and modifications	Other items	Balance at December 31,2020
Bank, other loans, asset financed liabilities and other financing liabilities	9,977	2,384	-	-	12,361
Cash and cash equivalents	(5,529)	1,929	-	-	(3,600)
Lease liabilities	2,939	(1,505)	516	989	2,939
	7,387	2,808	516	989	11,700

Borrowings

	31 December 2021	31 December 2020
	€ 000	€ 000
Syndicated loan	2,000	4,918
ICO loan	3,500	3,000
Related Party Loan - Harwood	2,988	-
Capitalised costs – net	(265)	(109)
Revolving credit facility	-	1,310
Factoring facility	5,492	3,179
CDTI loan	231	-
Credit facilities	2,000	63
Total borrowings	15,946	12,361
Amount due for settlement within 12 months	12,882	9,789
Amount due for settlement after 12 months	3,064	2,572

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

17.1 Summary of the borrowing arrangements

Syndicated loan -

On 3 March 2016, the Group subsidiary, Hemisphere Coating Services, S.L.U., signed a syndicated loan agreement with three financial institutions, which was originally due to expire in 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 it was fully repaid in March 2021.

- 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. There are covenants attached to this facility.

Both facilities bear interest at EURIBOR +3%.

The loan requires compliance with certain financial covenants. For the year ended 31 December 2021 the Group have obtained a waiver for financial covenants.

ICO Loan -

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

On 5 October 2021, the Group entered into floating rate financing agreement of €0.5 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% and 1.5%. The amount drawn on 31 December 2021 was €3.5 million.

Related Party Loan -

In July 2021, the Company agreed terms with North Atlantic Smaller Companies Investment Trust plc ("NASCIT", an associate of Harwood Capital LLP ("Harwood") , the Company's second largest shareholder) to provide the Company with a short-term loan ("Loan" or "Loan Agreement") for €3.0 million.

The maturity date of the Loan was 31 December 2021, however, on 15 December 2021, the Company agreed terms with Harwood Capital Management Limited, an associate of Harwood, to advance a new loan of €3.0 million (the "New Loan" or "New Loan Agreement") which was used to repay the Loan.

The New Loan attracts interest at 8% p.a., with a maturity date of 31 March 2022. There are no arrangement fees associated with the New Loan, which can be repaid by the Company at any time without penalty on or before its maturity date.

Additionally, the Group has at its disposal:

- Credit facilities up to € 2.0 million.
- Factoring and discounting facilities up to € 9 million.
- Bank guarantees up to €3.4 million, of which €2.5 million were drawn as of 31 December 2021.

As a result of the above agreements, at year end the Group has bank facilities totalling €14.4 million of which €10.0 million were drawn and €4.4 million were undrawn as of 31 December 2021.

18. Trade, deferred income and other payable

	31 December 2021	31 December 2020
	€ 000	€ 000
Trade payables	14,617	12,020
Contract liabilities – Deferred income	7,933	3,639
Wages and salaries	-	2
Tax payables	2,483	2,470
	25,033	18,131

Under the caption "Contract liabilities - Deferred income" are contractual advances from customers related to on-going and future projects. This number increased by €4,294 thousands as the Group received more in deposits from clients during the period than it did in 2020. As revenue is recognised in relation to these contracts, the liability is decreased by an equal amount until the liability is fully extinguished.

The average credit period taken for trade purchases is normally between 30 and 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

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

19. Provisions

	€ 000
At 1 January 2020	487
Charge for the year	271
Released	(383)
At 31 December 2020	375
Charge for the year	195
Released	(356)
At 31 December 2021	214
Current	195
Non-current	19

	31 December 2021	31 December 2020
	€ 000	€ 000
Guarantee provision	195	356
Legal and tax provision	19	19
	214	375

As of 31 December 2021, the Group has a current provision amounting to €195 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 guarantee borne in the past year compared to the total turnover for the corresponding year.

At 31 December 2021 the Group and its legal advisers consider that the provisions recorded are sufficient for covering future obligations.

20. Equity

At 31 December 2020 and 2021 the Company's share capital amounted to €106 thousand represented by 46,640,000 ordinary shares with a par value of £0.002, issued and fully paid up.

No dividend was declared or paid during the year ended 31 December 2021.

At 31 December 2021 the Group has a share based payment reserve amounting to €284 thousand based on the agreements disclosed in note 22.

21. Notes to the Cash Flow Statement

	2021 € 000	2020 € 000
(Loss) / profit for the year before tax	(7,209)	183
- Depreciation and amortisation	3,500	2,995
- Other gains	(46)	-
- Performance share plan	(1)	(90)
- Finance costs	1,124	1,050
Adjustments to (Loss) / profit	4,577	3,955
- Increase in inventories	(479)	(594)
- Increase in trade and other receivables	(3,978)	(2,682)
- Increase in trade, other payables and provisions	6,739	554
Changes in working capital	2,282	(2,722)
- Interest paid	(1,124)	(1,050)
- Income tax paid	(1,292)	(470)
Other cash flows used in operating activities	(2,416)	(1,520)
CASH FLOWS FROM OPERATING ACTIVITIES	(2,766)	(104)

22. Share-based payments

Performance Share Plan

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

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

In 2020, the 2017 plan was cancelled because the performance conditions had not been satisfied.

The Company established a subsequent Performance Share Plan (the "PSP") for Directors and other selected senior management, which was adopted by the Board on 18 August 2020. The rules and conditions of this plan are identical to the 2017 plan.

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

	Number of share options	**Weighted average exercise price (pence)**
Outstanding at 1 January 2020	557,334	0.2
Granted during the year	518,822	0.2
Cancelled during the year	(259,569)	0.2
Outstanding at 31 December 2020	816,587	0.2
Granted during the year	-	0.2
Cancelled during the year	(363,919)	-
Outstanding at 31 December 2021	452,668	0.2

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

	2020 PSP
Share price at grant date (pence)	69.5
Exercise price (pence)	0.2
Option life (years)	3
Risk-free interest rate (%)	0.63%
Expected volatility (%)	66.7%
Expected dividend yield (%)	0%

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

In 2021 the Group recognised a credit amounting to €1 thousand for these plans. In 2020, the Group has recognised a credit amounting to €90 thousand for these plans.

Warrant

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

Details of the warrant outstanding during the year are as follows:

	Number of share options	**Weighted average exercise price (pence)**
Outstanding at 31 December 2021	466,400	105
Outstanding at 31 December 2020	466,400	105

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

Share price at grant date (pence)	100
Exercise price (pence)	105
Option life (years)	5
Risk-free interest rate (%)	2.50%
Expected volatility (%)	28.60%

23. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Directors regularly review the working capital forecasts of the Group to understand the impact of Group performance and outside factors, such as the COVID pandemic, on the liquidity position of the Group. Where necessary, the Directors alter the balance of different types of equity that the Group can access.

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

Significant accounting policies

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

Categories of financial instruments

	31 December 2021	31 December 2020
	€ 000	***€ 000***
Financial assets		
At amortised cost		
Cash and cash equivalents (note 16)	443	3,600
Loans and receivables - long term	225	197
Other financial assets	130	6
Trade and other receivables (note 15)	15,020	11,756
	15,818	15,559

	31 December 2021	31 December 2020
	€ 000	***€ 000***
Financial liabilities		
At amortised cost		
Amortised cost - borrowings (note 17)	10,454	9,203
Finance lease liabilities	-	24
Lease liabilities (note 13)	3,246	2,939
Other financial liabilities	-	38
Liabilities under factoring facilities (note 17)	5,492	3,179
Trade payables (note 18)	14,617	12,020

At fair value through P&L		
Derivative instruments not designated hedge accounting relationships	-	2
	33,809	27,405

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

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

1. *Credit risk*

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

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

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

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

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

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

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

2. *Liquidity risk*

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

At the end of the reporting period, the Group held cash and cash equivalents of €0.4 million (2020: €3.6 million) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is carried out by management at Group level.

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

Financing arrangements

The Group had access to €14.4 million of working capital facilities at 31 December 2021. The Group's working capital facilities are subject to annual review and renewal.

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

Contractual maturities of financial liabilities at 31 December 2021	**Less than 12 months**	**Greater than 12 months**	**Carrying amount**
	€ 000	***€ 000***	***€ 000***
Non-derivatives			
Trade payables	14,617	-	14,617
Borrowings	7,390	3,064	10,454
Liabilities under factoring facilities	5,492	-	5,492
Lease liabilities	1,374	1,872	3,246
Total	**28,873**	**4,936**	**33,809**
Derivatives			
Interest rate swap	-	-	-
Total	**-**	**-**	**-**

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

3. Currency risk

The Group operates primarily in euro and US Dollar. The Group mitigates the risk by incurring costs in currencies matching its revenues. Any remaining transactional foreign currency exposure is not considered to be material and is not hedged. As at 31 December 2021, the Group had not derivative contracts for currency hedging purposes.

4. Market risk

The Group's activities has a moderate expose it primarily to the financial risks of changes in interest rates. The Group's management focusses on the uncertainty of financial markets and attempts to minimise the potential adverse effects on its profitability.

4.1. Interest rate risk

As of 31 December 2021 and 2020, the main borrowing corresponds to the syndicated loan which bears a variable interest rate.

4.1.1. Sensitivity analysis:

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

	31 December 2021	31 December 2020
	€ 000	***€ 000***
Profit for the year		
Increase in rates	(28)	(39)
Decrease in rates	28	39

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

5. Capital management

The primary objective of the Group's capital management is to ensure that it has the capital required to operate and grow the business at a reasonable cost of capital without incurring undue financial risks. The syndicated loan also requires compliance with certain financial covenants. For the year ended at 31 December 2021 the Group have obtained a waiver for financial covenants.

24. Subsidiaries

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

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

Name	Principal activity	Registered Office	Ownership
Civisello Inversiones, S.L.U.	Holding	Global Building. Muelle Viejo. Palma de Mallorca. Spain.	100%
Hemisphere Yachting Services, S.L.U.	Holding	Global Building. Muelle Viejo. Palma de Mallorca. Spain.	100%
Hemisphere Coating Services, S.L.U.	Coatings	Global Building. Muelle Viejo. Palma de Mallorca. Spain.	100%
Hemisphere Central Services, S.L.U.	Central Services	Global Building. Muelle Viejo. Palma de Mallorca. Spain.	100%
Pinmar Yacht Supply, S.L.	Supply	Camino Escollera, 5. Palma de Mallorca. Spain	100%
Pinmar USA, Inc.	Coatings	Avenue 2010. Riviera Beach. FL 33404. USA.	100%
Global Yachting Group, Ltd	Coatings	Station Road 55. Buckinghamshire. UK.	100%
ACA Marine, Ltd	Holding	Cannon Place 78. Cannon Street. London. UK.	100%
Hemisphere Yachting Services, GmbH	Coatings	Lehmweg 17, 20251 Hamburg. Germany.	100%
Hemisphere Coating Services, B.V.	Coatings	Herikerbergweg 238. 11O1CM Amsterdam. Netherlands.	100%
Hemisphere Coating Services, S.A.S. (previously ACA Marine, SAS)	Coatings	46 Quai Francois Mitterrand. 13600 La Ciotat. France.	100%

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

For the year ending 31 December 2021 the following subsidiaries of the Company were entitled to exemption from audit under s479 A of the Companies Act 2006 related to subsidiary companies:

Name	Principal activity	Companies House Registration Number	Ownership
Global Yachting Group, Ltd	Coatings	9533209	100%
ACA Marine, Ltd	Holding	10649007	100%

25. Related party transactions

Services provided

	31 December 2021	31 December 2020
	€ 000	***€ 000***
Global Yacht Finishing, S.L.	41	41
	41	41

Services received

	31 December 2021	31 December 2020
	€ 000	***€ 000***
Harwood Capital Management Ltd	117	-
Quoque Ltd.	-	316
AKC Management Services Ltd	67	183
Global Yacht Finishing, S.L.	327	329
	511	828

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

Quoque Ltd (a company owned by a close family member of the Chief Executive Officer) provided consulting services in relation to ERP design and implementation. These services are reviewed and approved prior to commencement by the non-executive directors. In addition to the amounts listed above for services received, the Group credited for various accommodation and travel expenses of €30 thousand in 2021 (€34 thousand in 2020) for Quoque employees in the performance of those services. During 2021, the Quoque partner a close family member has been employed by the Company with a remuneration of €145 thousand.

During the year GYG contracted with AKC Management Services Ltd. for the provision of management services amounting to €67 thousand (€183 thousand in 2020), of which €20 thousand was outstanding at the year end (Kevin McNair is a director of both GYG and AKC Management Services Ltd). During 2021, Kevin McNair received a salary from GYG for the period after the contract between GYG and AKC Management Services Ltd had expired.

The Directors who are independent of any related party review the commercial terms of any contract or transaction prior to the Group entering into the relevant contract. They base their decisions upon prior commercial experience and, when necessary, outside advice.

Balances

	31 December 2021	31 December 2020
	€ 000	***€ 000***
Harwood Capital Management Ltd.	(3,000)	-
AKC Management Services Ltd.	(20)	-
Quoque Ltd.	-	(25)
Global Yacht Finishing, S.L.	(53)	(92)
	(3,073)	(117)

Harwood, a substantial shareholder in the Company, is also classified as a related party under the AIM Rules for Companies ("AIM Rules"). Entry into the New Loan Agreement therefore constitutes a related party transaction under the AIM Rules. Accordingly, the Directors (each of whom is considered by the Board to be independent of Harwood), consider, having consulted with Singer Capital Markets Advisory LLP, acting in its capacity as the Company's nominated adviser, that the terms of the New Loan are fair and reasonable insofar as the Company's shareholders are concerned (please refer to note 17 for more information).

Remuneration of key management personnel

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

	31 December 2021	**31 December 2020**
	€ 000	***€ 000***
Salaries, fees and bonus	968	868

The above amounts include "salaries, fees and bonus" paid in € amounting to £196 thousand in 2021 and £150 thousand in 2020.

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

26. Post balance sheets events

In February 2022, Russia commenced an invasion of Ukraine which continues unabated as of the date of this report. The duration of the invasion and the full impact of this event is unknown at this point but it is commonly accepted that it will have a material negative impact on the European economy which will roll out on a more global basis very quickly.

In response to the invasion, the EU, the UK and the US, along with many other countries, have put in place a growing number of sanctions against Russia as a nation and, more importantly for the Group, against a growing number of Russia citizens and businesses. The individuals, commonly known as oligarchs, face the seizure of their assets outside of Russia. This includes, cash, investments, properties and, in many cases, superyachts. Independent assessments of the superyacht market estimate that between 7% and 9% of the superyachts already in service are ultimately owned by Russians.

The Group has performed a review of the existing portfolio of projects, the Order Book and the current pipeline of potential projects. While the Group does have some small exposure to existing projects that are ultimately owned by Russians, the Directors do not believe that these are likely to have a material impact on the business in 2022.

In January 2022, the Group reached an agreement with the new owner of the Nobiskrug shipyard in relation to the large Refit project. Under the terms of the new agreement, the Group agreed to complete the project on broadly similar commercial terms to the original contract and received payment for the outstanding invoices in relation to that project, totalling €2.0m.

Subsequent to the year end, the Group made repayments of €2.0 million against the loan from Harwood. At 26 April 2022, the outstanding balance of €1.0 million was scheduled to be repaid by 31 July 2022.