20 September 2018

**GYG plc**

("GYG", the "Company" and together with its subsidiaries, the "Group")

**Interim Results**

GYG (AIM: GYG), the market leading superyacht painting, supply and maintenance company, today announces its unaudited interim results for the six months ended 30 June 2018.

**Financial Highlights**

- Group revenue of €25.2m (HY17: €33.9m)
    - Coatings (Refit and New Build) revenue of €19.9m (HY17: €28.6m)
    - Supply revenue consistent at €5.3m (HY17: €5.3m)
- Adjusted EBITDA (1) loss of (€0.1m) (HY17: €3.3m)
- Operating loss of €1.4m (HY17: loss of €1.0m)
- Cash of €2.3m as at 30 June 2018 (HY17: €4.7m; FY17: €6.2m)
- Net debt position of €10.5m at 30 June 2018 (HY17: €6.8m; FY17: €6.7m)

(1) Adjusted EBITDA is defined as operating profit before finance costs, taxation, depreciation, amortisation and exceptional items. This is an alternative performance measure and should not be considered an alternative to IFRS measures, such as revenue or operating profit.

**Operational Summary**

As previously announced, GYG had a challenging first half of the year, due to lower project wins in New Build and some additional delays in anticipated Refit contracts. There were three main factors contributing to this:

1) The Group's strategy is focused on gaining market share in the New Build sector. It has taken longer than initially expected to build market share, and the Group was unable to win some short-term New Build business in 2018. This has created a shortfall in this division in H1 and the full year.

2) MB92 in Barcelona, one of the leading superyacht refit centres in the world and one of GYG's main Refit locations, underperformed during the season compared to previous years. In addition to the political unrest in the region, the main reason for this underperformance was due to the disruption in the shipyard while it is undergoing a major upgrade to its facilities. The building work in Q4 2017 and H1 2018 contributed to the fall in activity in this highly regarded shipyard. However, the work is an important investment which will increase the shipyard's lifting capacity by approximately 40% by the beginning of 2019. GYG expects to benefit from these improvements and deliver organic growth in this region.

3) There was also an issue in the South of France which is another important superyacht refit destination. The French authorities indicated that they would enforce a law that would mean yacht crew and owners would be obliged to pay certain social security taxes if yachts

remained in French waters for more than three months. As a result, the Group saw a significant slowdown of yachts entering French shipyards which we believe was connected to this tax issue. However, the French authorities have reversed the decision in the last few weeks and any yacht entering a refit facility will be exempt from any tax obligations. Accordingly, we have since seen a resurgence of activity.

**Order Book and Pipeline**

GYG currently has an Order Book(2) of €35.6m with €14.9m relating to 2018 which is expected to be completed in the remaining six months of 2018; and a total order book of €20.6m for FY19 and FY20.

The pipeline(3) for the Group stands at €355m and a 2018 relevant pipeline of potential projects of €85m, including €34m made up of prospects which are in advanced contractual discussions and negotiations. Some of these contracts are very large and will continue into Q1 2019.

This year the Group has announced two substantial New Build contracts in Northern Europe, alongside the previously announced REV 182 project, resulting in a record of visibility in terms of FY19-20 Order Book for Refit and New Build, standing at 30 June 2018 at €13.4m for FY19 (at 30 June 2017 equivalent was €2.5m for FY18) and €5.6m for FY20. The Group is also in advanced negotiations for several other New Build contracts for 2019 and beyond, which is a result of management's strategy and actions taken in H1 2018 to gain more market share in the New Build sector.

Management has taken steps to improve systems, processes and controls across the Group. Raul Galan has been appointed as the Group's new Chief Operating Officer, focusing on the Group's day-to-day operations including production, margins and cost savings alongside the existing management team. This will complement the team's excellent relationships and industry knowledge on the commercial side of the business in managing sales and client relationships.

(2) Order Book is defined as contracted but unbilled New Build and Refit projects across the Group.

(3) Pipeline is defined as the projects the Group are looking to secure, covering the stages from sending a proposal to final negotiation.

***Outlook***

Despite the challenges witnessed across the industry in the first half of 2018, the Board remains confident about the future, while recognising the challenges of completing the current Order Book and converting the H2 2018 pipeline.

Looking into next year, the team has made significant progress in building relationships with shipyards and establishing GYG as a preferred supplier. This has resulted in the Group winning contracts in the New Build sector coupled with large Refit contracts in the pipeline and the team is encouraged by the increasing number of enquiries for 2019-20.

The Board believes that GYG is well positioned to benefit from the growth opportunities in New Build and maintains a positive outlook for the Group.

**Remy Millott, Chief Executive of GYG plc, commented:**

*"Despite the first half of the year being difficult for the Group and the industry as a whole, we believe that the superyacht refit market is returning to normal trading patterns and that we have the right strategy in place to capitalise on the many opportunities that are being presented. We have made significant progress building relationships with shipyards and establishing ourselves as a preferred supplier which has resulted in us winning contracts in the New Build sector and this, combined with large Refit contracts in the pipeline for 2019, ensures that we can support future growth and development of the Group."*

***The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.***

**Analyst meeting**

There will be a presentation for sell-side analysts at 9:30am this morning, 20 September 2018, the details of which can be obtained from FTI Consulting.

**For further information, please contact:**


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|---|---|
| **GYG plc** | **via FTI Consulting** |
| Remy Millott, Chief Executive Officer | **Tel: +44 (0) 20 3727 1000** |
| Gloria Fernandez, Chief Financial Officer | |
| | |
| **Zeus Capital Limited (NOMAD & Broker)** | **Tel: +44 (0) 20 3829 5000** |
| Dan Bate, Nick Cowles, Ben Burnett (Corporate Finance) | |
| John Goold, Mike Seabrook (Corporate Broking & Sales) | |
| | |
| **FTI Consulting (Financial PR)** | **Tel: +44 (0) 20 3727 1000** |
| Alex Beagley | |
| Fiona Walker | |
| Laura Saraby | |


**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.*

**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, Rolling Stock, Pinmar Supply, Pinmar USA, Techno Craft and ACA Marine. 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 and containment work;
- New Build: fairing and painting of new vessels as part of the build process; and
- Supply: selling and delivery of maintenance materials, consumables, spare parts and equipment primarily to trade customers.

Superyachts require a major survey service every five year to comply with certain class, maritime laws and insurance requirements. Owners typically undertake an annual haul out and general maintenance to remain ahead of the service intervals and to keep the vessels in optimum condition. Owners often use the major servicing period as an opportunity for repainting the vessel, providing GYG with a source of repeat business.

## Chief Executive's Statement

### *Overview*

Although trading was significantly weaker than expected in the first half of the year due to lower project wins in New Build and some additional delays in anticipated Refit contracts, the Company has an Order Book that is expected to be completed during the remainder of 2018 of €14.9m, with a pipeline of potential 2018 projects of €85m, including €34m made up of prospects which are in advanced contractual discussions and negotiations.

### *Coating Division*

#### New Build

In July 2018, the Group announced two substantial New Build contracts in Northern Europe, alongside the previously announced REV 182 project, resulting in a record FY19-20 Order Book. These contract wins further highlight the Group's progress in winning market share in the New Build sector and there are a number of additional contracts in negotiations for 2019 and 2020.

The three confirmed New Build orders are:

- a circa 140 metre superyacht due to start in early 2019. This is a significant opportunity as there are only 11 superyachts in the world which are over this size;
- a circa 94 metre superyacht due to start in Q4 2018; and
- the previously announced Letter of Intent with the owner of 'REV 182', the world's largest research and expedition vessel currently under construction.

To date, the Group has tended to rely more on its relationships with existing owners commissioning new boats to win business in the New Build sector. In the first half of the year however, the Group has invested significant time developing stronger relationships directly with the yards in order to secure work on new vessels coming on stream. As a result, the Group has been asked to tender on 12 contracts which are in addition to its already secured New Build Order Book of €13.4m for 2019 and €5.6m for 2020 as at 30 June 2018. For comparison, as at 30 June 2017, the 2018 New Build Order Book stood at €1m.

#### Refit

The Company has seen part of the work previously scheduled in the second half of 2017, that was impacted by the extraordinary sequence of hurricanes, flow through into the first half of this year, with the remainder falling in the second half and, in some cases, into 2019. However, the expected benefit of the 2017 contract deferrals has been offset by delays in projects that were originally scheduled for H1 2018.

We believe that the progress we are making in the New Build sector, combined with large Refit contracts in the pipeline for 2019, demonstrates that we are well placed to take advantage of the many opportunities that are being presented.

***Supply Division***

H1 has been a challenging six months with trading patterns being slightly lower than normal across the entire sector. As a supply company selling to both the trade and superyachts directly, a lack of vessels in the territory influences the Supply division.

H1 ended with a flat Supply turnover of €5.3m. This figure was impacted mainly by five individual trade accounts (with MB92 being the most significant), whose business has not been lost to competition, but has suffered the same challenges as the market in general. We expect some of these accounts to resume normal trading patterns in H2 and 2019. Moreover, despite these challenges, we have mitigated these losses with success in some of the focus areas implemented in 2017:

- Our retail partner programme has grown by two additional outlets, with a further three expected by the end of 2018.
- Increased sales focus on securing new accounts has resulted in seven new key accounts which have contributed over €0.3m in revenue in the first six months.
- The focus on providing services to yachts outside of our retail environment has also seen success. This activity yields a greater margin than trade sales and presents further opportunities to the Group.
- We have re-organised the team and increased our warehousing capacity to optimise productivity.

In general, H1 has seen an increase in yacht accounts of 16% and an increase in sales to yachts of 22% (excluding MB92 yacht sales). This is a very positive result considering this growth absorbs the reduced activity of yacht accounts in MB92 during H1. Overall, brand recognition is growing, highlighted by the number of new yacht accounts requesting quotes.

***Operational Review***

During H1, we have continued with the implementation of a number of quality, efficiency and productivity initiatives aimed at improving gross margins and reducing fixed costs, which will continue in H2 2018. We continuously monitor our utilisation and effectivity rates to monitor performance and efficiency. We expect to see further benefits of these programmes over the course of 2018 and into 2019.

Through the Pinmar brand, GYG continues to lead the industry in terms of the delivery of quality standards. The Pinmar Standard was the first empirically based superyacht paint standard introduced to the industry in 2011, revolutionising the approach to the inspection and acceptance of paint works. In 2018, GYG launched an updated version, Pinmar Standard 2.0, which incorporates the expanded range of paint manufacturers and products available in the market today.

The Group continues to innovate and invest in new application technology, leveraging its close relationship with all of the main superyacht paint manufacturers. Its adoption and industry development of electrostatic top-coat application is delivering significant time, quality and environmental benefits, further asserting the Group's industry leadership.

GYG continues to develop its Human Resources function with a structured in-house programme of skills development aimed at expanding the Coating division's production capacity. We have strengthened our management team through strategic recruitment, bringing a mix of industry experience and related business expertise.

We have an on-going programme to improve our business processes, systems and infrastructure to support growth and improve efficiency of the Group. In 2017, we implemented new production application software which will be further developed throughout 2018 to provide greater visibility, reporting and control over production activity. In addition, the new CRM system, that provides data on the worldwide fleet of 5,700 superyachts and facilitates the management of the marketing and sales process, has evolved into a more valuable tool. This is further improving our ability to forecast upcoming yacht refits and will provide our managers with a more efficient approach to marketing at the appropriate time before a refit.

***Market Developments***

The global superyacht fleet continues to grow with 149 new deliveries in 2017, adding 3.1% to the operational fleet and a further 440 superyachts currently under construction. The fastest growing segment is the 60+ metre range and with European yards continuing to dominate capacity.

The acquisition of Composite Works (La Ciotat, France) by Barcelona based MB92 represents a major consolidation within the refit shipyard sector. Given GYG's longstanding relationship with MB92 this move is considered as positive for the Group providing the opportunity to drive more growth in the Refit market in the South of France.

***People***

On 17 September 2018, the management team was strengthened with the appointment of Raul Galan as the Group's new Chief Operating Officer. Raul Galan has developed his 25 year career mainly in manufacturing as Business Unit Manager, Technical Manager and Industrial Manager, in diverse industries for multinational companies in Spain and Italy. Raul is a qualified Industrial Engineer with an ESADE MBA degree and has strong experience in complex business environments and organization improvements. Raul is focusing on the Group's day to day running of production, margins and cost savings and will maintain the Group's approach to improve systems, processes and controls.

***Dividend Policy***

Due to the inherent seasonality of the business, the Group produces the majority of its revenue and profits in the second half of the financial year and this continues to be the Board's expectation in the current financial year. With this in mind, the Board has not declared an interim dividend at this time.

Subject to the discretion of the Board, taking into account current trading and expected future trading performance as well as the Company having sufficient distributable reserves, it remains the Directors' intention to pay a final dividend in relation to the year ending 31 December

2018. The Board intends to declare and pay dividends in line with future earnings to reflect the Company's progressive dividend policy.

***Outlook***

Despite the challenges witnessed across the industry in the first half of 2018, the Board remains confident about the future, while recognising the challenges of completing the current order book and converting the H2 2018 pipeline.

Looking into next year, the team has made significant progress in building relationships with shipyards and establishing GYG as a preferred supplier. This has resulted in the Group winning contracts in the New Build sector coupled with large Refit contracts in the pipeline and the team is encouraged by the increasing number of enquiries for 2019-20.

The board believes that GYG is well positioned to benefit from the growth opportunities in New Build and maintains a positive outlook for the Group.

***Financial performance***

As a result of this challenging first half, revenue for the six-month period to 30 June 2018 decreased 25.7% to €25.2m (HY17: €33.9m) with an adjusted EBITDA loss of (€0.1m) in the period (HY17: €3.3m profit).

Owners of superyachts typically undertake an annual haul out and general maintenance in the off season to keep the vessels in optimum condition and to ensure availability during the peak sailing months. This has historically introduced a level of seasonality to the Company's revenue driven by an H2 weighting to the key Refit revenues. This year, considering the lower New Build activity in summer than expected, this seasonality will be even further accentuated.

The €5.3m decrease in operating costs (not including exceptional items, performance share plan costs, depreciation and amortisation), represents a decrease of 17% on HY17, predominantly in line with the decreased turnover when considering the incremental recurring costs associated with being a listed company.

Operating loss of €1.4m was as a consequence of the lower income level (HY17 loss of €1.0m due to the €3.2m of exceptional items, mainly related to the IPO).

Financial expenses of €0.4m during the period (HY17: €0.4m) mainly related to interest on the syndicated loan signed in March 2016, finance lease and foreign exchange rate.

Net loss, excluding exceptional items and performance share plan costs, for the half year was €0.8m (HY17: net profit €1.1m).

*Other Financial Highlights*

| **Condensed Consolidated six months ended 30 June 2018 (unaudited)** | *Coating* | *Supply* | *Total reportable segments* |
|---|---|---|---|
| | *€000* | *€000* | *€000* |
| Revenue | 19,942 | 5,275 | 25,217 |
| Adjusted EBITDA | (709) | 625 | (84) |

| **Condensed Consolidated six months ended 30 June 2017 (unaudited)** | *Coating* | *Supply* | *Total reportable segments* |
|---|---|---|---|
| | €000 | €000 | €000 |
| Revenue | 28,549 | 5,317 | 33,866 |
| Adjusted EBITDA | 2,362 | 940 | 3,302 |

**Earnings (loss) per share**

| | Consolidated six months ended 30 June 2018 (unaudited) | Consolidated six months ended 30 June 2017 (unaudited) |
|---|---|---|
| (Losses) for the period attributable to shareholders (€000) | (1,124) | (2,060) |
| Weighted average number of shares | 46,640,000 | 13,543,889 |
| Basic (losses) per share (€) | (0.02) | (0.15) |
| Adjusted basic earnings per share (€) | (0.01) | 0.08 |
| Dilutive weighted average number of shares | | |
| Diluted (losses) per share (€) | 47,880,250 | 13,543,889 |
| Adjusted diluted (losses) per share (€) | (0.02) | (0.15) |

The following table provides a breakdown of Exceptional items:

| | Consolidated six months ended 30 June 2018 (unaudited) €000 | Consolidated six months ended 30 June 2017 (unaudited) €000 |
|---|---|---|
| Transaction Fees | - | (3,185) |
| Restructuring costs | (181) | - |
| | (181) | (3,185) |

### *Financial position*

Cash and cash equivalents totalled €2.3m at 30 June 2018, compared to €6.2m at 31 December 2017. The decrease period on period corresponds mainly to the lower accumulated EBITDA and the repayment of banking debt, finance leases and June dividends related to FY17.

Total liabilities were €29.7m at 30 June 2018 (31 December 2017: €35.4m) in line with reduced trading. External net debt totalled €10.5m at 30 June 2018, compared to €6.7m at 31 December 2017 mainly due to the cash outflow.

A final dividend related to FY17 and approved by the Board of 3.2 pence per ordinary share (€1.7m) was paid in June to the Shareholders.

### *Cash flow*

Net cash used in operating activities was €1.5m for the half year (HY17: generated €0.9m). Net cash used in investing activities was €0.5m at 30 June 2018 (HY17: €1.3m generated) and net cash used by financing activities was €1.9m mainly corresponding to the dividends paid in June (HY17: €1.0m used).

Overall net cash outflow for the period was €3.9m (HY17: net cash outflow of €1.5m).

### *Going concern*

The Directors have considered the Company forecasts and projections, taking account of bank facilities totalling €12.3 million, reasonable possible changes in trading performance and the current economic environment, and are satisfied that the Group should be able to operate within the level of its current facilities remaining compliant with its loan covenants.

### *Growth Strategy*

The Group's strategy remains the same as that detailed in our AIM Admission Document and we will continue to leverage our market leadership in the Refit sector where GYG holds a 30% share (up from 29% at the time of flotation), an 86% customer retention rate, and a preferred supplier status with many of the leading refit shipyards in the core locations. Our addressable Coating market is forecast to grow at 6% per annum and we have the platform in place to grow with and above the market. The Group is targeting regional developments in the Refit market by continuing to engage and enter into new agreements with shipyards, further strengthening our market position.

The Group aims to increase its market share in New Build through an organic growth strategy. The Board believes that being a listed group provides reassurance to shipyards due to the scale and security of the Group, and provides confidence to them regarding the risk of awarding these large contracts. The Group's sales team launched a New Build marketing campaign in March 2018 targeting the major northern European New Build shipyards emphasising GYG's unique credentials as a paint contractor. The campaign messaging focuses on GYG's industry leading quality standard and warranty which, together with GYG's unrivalled capacity and production technology, offer a highly valued combination of premium quality, accelerated schedule and risk reduction for the shipyards. The response from several leading yards has been very encouraging as evidenced by the increased number of New Build tender enquiries and contracts referred to in the Chief Executive's statement above.

In the USA, we are particularly excited about the potential of the newly refurbished Savannah Yacht Center in Georgia ("SYC"). GYG entered into a memorandum of understanding with SYC in August 2016 to establish a new painting facility to cater for superyacht refit projects. Whilst GYG already has bases in Fort Lauderdale and West Palm Beach, these facilities are mainly servicing yachts up to 70 metres and, therefore, SYC opens up the 70+ metre US market. Post period end, the Group's US subsidiary, Pinmar USA, won the first significant Refit project on a 68 metre Dutch-built superyacht, work on which started in July 2018.

The Board has further targeted improvements to gross margins which are underpinned by a programme of management initiatives to improve production processes and internal systems. As a Group, we will continue to invest in technological, operational and our human resource development which will contribute to margin improvement as well as preserving the market leadership status of our portfolio of brands.

Finally, the Board continues to evaluate earnings-enhancing acquisitions to increase market share and enable expansion into new geographic markets, or new complementary services to support the Group's long-term strategy.

***Banking update***

Additional permitted bank facilities were signed this year, which reinforces the Group's liquidity. The increase in the facilities is predominantly due to additional revolving facilities and factoring facilities of €1.5m and €4.3m, respectively, resulting in a total of €12.3m of available working capital facilities. Also, the Group has at its disposal a limit of €9.0m of performance bonds.

**GYG PLC**

**INDEPENDENT REVIEW REPORT TO GYG PLC**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 10. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

**Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 2.1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report have been prepared in accordance with the accounting policies the group intends to use in preparing its next annual financial statements.

**Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with accounting policies the group intends to use in preparing its next annual financial statements and the AIM Rules of the London Stock Exchange.

**Deloitte LLP**

Statutory Auditor

London, UK

20 September 2018

## Condensed consolidated statement of comprehensive income

Six months to 30 June 2018

| | Note | Six months to 30 June 2018 € 000 (unaudited) | Six months to 30 June 2017 € 000 (unaudited) |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 3 | 25,217 | 33,866 |
| Operating costs | | (26,586) | (34,873) |
| Adjusted EBITDA | | (84) | 3,302 |
| Depreciation and amortisation | | (946) | (1,124) |
| Performance share plan | | (158) | - |
| Exceptional items | 4 | (181) | (3,185) |
| **Operating loss** | | **(1,369)** | **(1,007)** |
| Finance costs - net | | (369) | (434) |
| **Loss before tax** | | **(1,738)** | **(1,441)** |
| Tax – credit/(charge) | 5 | 563 | (602) |
| **Loss for the period** | | **(1,175)** | **(2,043)** |
| Exchange differences on translation of foreign operations | | 35 | 3 |
| **Total comprehensive loss for the period** | | **(1,140)** | **(2,040)** |
| Loss for the period attributable to: | | | |
| Owners of the company | | (1,124) | (2,060) |
| Non-controlling interest | | (51) | 17 |
| Total comprehensive income for the period attributable to: | | | |
| Owners of the company | | (1,089) | (2,057) |
| Non-controlling interest | | (51) | 17 |
| **Loss per share** | 6 | | |
| Basic | | (0.02) | (0.15) |
| Diluted | | (0.02) | (0.15) |

## Condensed consolidated balance sheet

30 June 2018

| | As at 30 June 2018 € 000 | As at 31 December 2017 € 000 |
|---|---|---|
| **ASSETS** | **(unaudited)** | **(audited)** |
| **Non-current assets** | | |
| Goodwill | 9,317 | 9,292 |
| Other intangible assets | 12,258 | 12,720 |
| Property, plant and equipment | 8,319 | 8,352 |
| Other financial assets | 1,604 | 1,621 |
| Deferred tax assets | 1,120 | 601 |
| **Total non-current assets** | **32,618** | **32,586** |
| **Current assets** | | |
| Inventories | 2,278 | 3,067 |
| Derivative financial instruments | 8 | - |
| Trade and other receivables | 7,055 | 10,848 |
| Cash and cash equivalents | 2,339 | 6,236 |
| **Total current assets** | **11,680** | **20,151** |
| **TOTAL ASSETS** | **44,298** | **52,737** |

## Condensed consolidated balance sheet (continued)

30 June 2018

| LIABILITIES | Note | As at 30 June 2018 € 000 (unaudited) | As at 31 December 2017 € 000 (audited) |
|---|---|---|---|
| **Current liabilities** | | | |
| Trade and other payables | | (10,950) | (16,393) |
| Borrowings | 8 | (3,636) | (3,278) |
| Provisions | | (273) | (304) |
| Derivative financial instruments | | (37) | (16) |
| **Total current liabilities** | | **(14,896)** | **(19,991)** |
| **Net current (liabilities) / assets** | | **(3,216)** | **160** |
| **Non-current liabilities** | | | |
| Borrowings | 8 | (9,209) | (9,638) |
| Deferred tax liabilities | | (3,824) | (3,952) |
| Long-term provisions | | (819) | (819) |
| Other financial liabilities | | (965) | (964) |
| **Total non-current liabilities** | | **(14,817)** | **(15,373)** |
| **Total liabilities** | | **(29,713)** | **(35,364)** |
| **Net assets** | | **14,585** | **17,373** |
| **EQUITY** | | | |
| Share capital | | 106 | 106 |
| Share premium | | 7,035 | 7,035 |
| Retained earnings | | 7,786 | 10,716 |
| Translation reserve | | (33) | (68) |
| Capital redemption Reserve | | 114 | 114 |
| Share based payment reserve | | 317 | 159 |
| **Equity attributable to owners of the company** | | **15,325** | **18,062** |
| **Non-controlling interest** | | **223** | **274** |
| **Put option reserve** | | **(963)** | **(963)** |
| **Total equity** | **9** | **14,585** | **17,373** |

## Condensed consolidated statement of changes in equity

Six months ended 30 June 2018

| | *Share capital € 000* | *Share premium € 000* | *Retained earnings € 000* | *Translation reserves € 000* | *Capital redemption reserve € 000* | *Share based payment reserve € 000* | *Total € 000* | *Non-controlling interests € 000* | *Put option reserve € 000* | *TOTAL EQUITY € 000* |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2018** | **106** | **7,035** | **10,716** | **(68)** | **114** | **159** | **18,062** | **274** | **(963)** | **17,373** |
| Effect of change in accounting policy (note 2.1) | - | - | (98) | - | - | - | (98) | - | - | (98) |
| **Adjusted opening balance** | **106** | **7,035** | **10,618** | **(68)** | **114** | **159** | **17,964** | **274** | **(963)** | **17,275** |
| Dividend distribution (note 9) | - | - | (1,708) | - | - | - | (1,708) | - | - | (1,708) |
| Credit to equity for share based payments | - | - | - | - | - | 158 | 158 | - | - | 158 |
| Total comprehensive (loss)/income for the period | - | - | (1,124) | 35 | - | - | (1,089) | (51) | - | (1,140) |
| **Balance at 30 June 2018 (Unaudited)** | **106** | **7,035** | **7,786** | **(33)** | **114** | **317** | **15,325** | **223** | **(963)** | **14,585** |

## Condensed consolidated statement of changes in equity (continued)

Six months ended 30 June 2017

| | *Share Capital € 000* | *Share Premium € 000* | *Retained earnings € 000* | *Translation reserves € 000* | *Capital Redemption Reserve € 000* | *Total € 000* | *Non-controlling interests € 000* | *Put option Reserve € 000* | *TOTAL EQUITY € 000* |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2017** | **122** | **12,046** | **(926)** | **28** | **-** | **11,270** | **-** | **-** | **11,270** |
| Issue of share capital | 82 | 24 | (82) | - | - | 24 | - | - | 24 |
| Reduction of share capital | - | (12,070) | 12,070 | - | - | - | - | - | - |
| Acquisition of subsidiary | - | - | - | - | - | - | 118 | (963) | (845) |
| Share buy back | (113) | - | - | - | 113 | - | - | - | - |
| Total comprehensive loss for the period | - | - | (2,060) | 3 | - | (2,057) | 17 | - | (2,040) |
| **Balance at 30 June 2017 (Unaudited)** | **91** | **-** | **9,002** | **31** | **113** | **9,237** | **135** | **(963)** | **8,409** |

## Condensed consolidated cash flow statement

Six months to 30 June 2018

| | Note | Six months to 30 June 2018 € 000 (unaudited) | Six months to 30 June 2017 € 000 (unaudited) |
|---|---|---|---|
| **CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES (I)** | 7 | (1,491) | 860 |
| - Purchase of intangible assets | | (24) | (18) |
| - Purchase of property, plant and equipment | | (436) | (191) |
| - Proceeds from disposal of property, plant and equipment | | 2 | - |
| - Acquisition of subsidiary | | - | (1,125) |
| **CASH FLOWS USED IN INVESTING ACTIVITIES (II)** | | (458) | (1,334) |
| - Proceeds from bank borrowings | | 1,169 | - |
| - Repayments of borrowings | | (1,370) | (1,013) |
| - Dividends paid to shareholders | | (1,708) | - |
| - Proceeds on issue of shares | | - | 24 |
| **CASH FLOWS USED IN FINANCING ACTIVITIES (III)** | | (1,909) | (989) |
| **Effect of foreign exchange rate changes (IV)** | | (39) | **-** |
| **NET (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)** | | (3,897) | (1,463) |
| Cash and cash equivalents at the beginning of the period | | 6,236 | 6,207 |
| Cash and cash equivalents at the end of the period | | 2,339 | 4,744 |

## Notes to the condensed set of financial statements

Six months ended 30 June 2018

### 1. General information

GYG plc (hereinafter the "Company") was incorporated on 11 February 2016, as a private company limited by shares, as Dunwilco 2016 Limited under the United Kingdom Companies Act 2006. Subsequently, on 21 May 2016, the Company's corporate name was changed to Global Yachting Group Limited, on 25 May 2017 to GYG Limited, on 22 June 2017 the Company re-registered as a public limited company and on 5 July 2017 the Company completed an Initial Public Offering ("IPO") and was admitted to the AIM Market of the London Stock Exchange. The address of the registered office is Cannon Place, 78 Cannon Street, London, EC4N 6AF, United Kingdom.

The principal activity of the Group is superyacht painting, supply and maintenance, offering services globally through operations in the Mediterranean, Northern Europe and the United States.

The condensed consolidated interim financial statements ("interim financial statements") are presented in Euro which is the currency of the primary economic environment in which the Group operates.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2017, prepared under IFRS as adopted by the EU, have been delivered to the Registrar of Companies. The auditor's report on the 2017 financial statements was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498(2) or Section 498(3) of the Companies Act 2006.

The interim financial statements were approved for issue by the Board of Directors on 19 September 2018.

### 2. Significant accounting policies

#### 2.1. Basis of preparation

The interim financial statements are for the six months ended 30 June 2018. They have been prepared by the Board of Directors and do not fully comply with IAS 34 'Interim Financial Reporting', as is currently permissible under the rules of AIM.

The interim financial statements have been prepared under the historical cost convention using accounting policies consistent with International Financial Reporting Standards (IFRS) as adopted by the European Union, unless indicated otherwise in the notes to the interim financial statements.

In the current year, the Group has adopted the amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatory effective for an accounting period that begins on or after 1 January 2018, which mainly include “IFRS 15 - Revenue from contracts with customers” and “IFRS 9 - Financial instruments”.

- IFRS 9 “Financial instruments”. IFRS 9 is the IASB's replacement of IAS 39 Financial Instruments “Recognition and Measurement”. This standard introduces a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. The Group has applied the simplified impairment approach for trade receivables established by the standard, and has recognised a loss allowance based on expected credit losses amounting to €98 thousand at the date of the initial application.

- IFRS 15 “Revenue from contracts with customers”. IFRS 15 specifies how and when an IFRS reporter will recognise revenue. Given the characteristics of the existing contracts with customers and once the five-step analysis established in the Standard has been completed, the Group has concluded that its adoption has not had any material impact in these financial statements.

Otherwise, the accounting policies applied are consistent with those applied in the Group’s latest annual audit financial statements, considering the adoption of the standards mentioned in the previous paragraph.

### 2.2. Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors have considered the Company forecasts and projections, taking account of bank facilities totalling €12.3 million, reasonably possible changes in trading performance and the current economic environment, and are satisfied that the Group should be able to operate within the level of its current facilities.

Further, the Directors have reviewed the terms of the underlying agreements, including a review of forecast compliance with loan covenants, and will continue to update their forecasts and take appropriate steps to manage covenant compliance going forward. The Directors are satisfied that these terms will be met for a period of no less than 12 months from the approval date of these condensed financial statements. Accordingly, they have adopted the going concern basis in preparing these financial statements.

## 3. Segment information

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

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

### 3.1. Segment revenues and results

Segment information about the above businesses is presented below for the six month period ended 30 June 2018 and 2017:

| **Consolidated six months to 30 June 2018 (unaudited)** | ***Coating*** | ***Supply*** | ***Total reportable segments*** |
|---|---|---|---|
| | ***€000*** | ***€000*** | ***€000*** |
| Revenue | 19,942 | 5,275 | 25,217 |
| Gross Profit | 3,407 | 1,366 | 4,773 |
| Adjusted EBITDA | (709) | 625 | (84) |
| Depreciation and amortisation | | | (946) |
| Performance share plan | | | (158) |
| Exceptional items | | | (181) |
| **Operating Loss** | | | **(1,369)** |
| Finance costs - net | | | (369) |
| **Loss before tax** | | | **(1,738)** |

| **Consolidated six months to 30 June 2017 (unaudited)** | ***Coating*** | ***Supply*** | ***Total reportable segments*** |
|---|---|---|---|
| | ***€000*** | ***€000*** | ***€000*** |
| Revenue | 28,549 | 5,317 | 33,866 |
| Gross Profit | 6,804 | 1,448 | 8,252 |
| Adjusted EBITDA | 2,362 | 940 | 3,302 |
| Depreciation and amortisation | | | (1,124) |
| Exceptional items | | | (3,185) |
| **Operating Loss** | | | **(1,007)** |
| Finance costs - net | | | (434) |
| **Loss before tax** | | | **(1,441)** |

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

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

| | Six months to 30 June 2018 (unaudited) | Six months to 30 June 2017 (unaudited) |
|---|---|---|
| | *€000* | *€000* |
| Spain | 13,622 | 12,974 |
| United Kingdom | 1,440 | 4 |
| Rest of Europe | 5,771 | 16,520 |
| Rest of World | 4,384 | 4,368 |
| | 25,217 | 33,866 |

### 3.2 Information about major customers

There are no revenues from transactions with individual customers which contribute 10% or more to the Group's revenue for the period ended 30 June 2018 (€8,669 thousand for the period ended 30 June 2017, all related to the coating segment).

### 4. Exceptional Items

The following table provides a breakdown of exceptional items:

| | Six months to 30 June 2018 (unaudited) | Six months to 30 June 2017 (unaudited) |
|---|---|---|
| | *€000* | *€000* |
| Transaction Fees | - | (3,185) |
| Restructuring costs | (181) | - |
| | (181) | (3,185) |

Restructuring costs for the six months ended 30 June 2018 are related to departure of employees and other fees as a part of an ongoing cost saving plan.

Transaction fees for the six months ended 30 June 2017 were related to professional fees and other fees arising in connection with the IPO and acquisition by the Group of ACA, SAS which amounted to €2,693 thousand and €492 thousand, respectively.

## 5. Income Tax

The tax impact for the period has been calculated using the effective tax rate per country in which the group operates, arising to 27.9% at group level for the six months ended 30 June 2018, which is lower than 2017 as a result of non-deductible transaction fees incurred in the previous period. This tax impact for the six months ended 30 June 2018 includes a deferred tax asset for tax losses.

## 6. Earnings (loss) per share- basic and diluted

***From continuing operations***

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 per share are presented to eliminate the effect of the exceptional items, amortisation of intangible assets and performance share plan costs (considering the tax effect of these adjustments).

| | **Six months to 30 June 2018 (unaudited)** | **Six months to 30 June 2017 (unaudited)** |
|---|---|---|
| (Losses) for the period attributable to shareholders (€000) | (1,124) | (2,060) |
| Weighted average number of shares | 46,640,000 | 13,543,889 |
| Basic (losses) per share (€) | (0.02) | (0.15) |
| Adjusted basic earnings per share (€) | (0.01) | 0.08 |
| Dilutive weighted average number of shares | 47,880,250 | 13,543,889 |
| Diluted (losses) per share (€) | (0.02) | (0.15) |
| Adjusted diluted earnings per share (€) | (0.01) | 0.08 |

## 7. Notes to the cash flow statement

| | Six months to 30 June 2018 € 000 (unaudited) | Six months to 30 June 2017 € 000 (unaudited) |
|---|---|---|
| **Losses for the period before tax** | **(1,738)** | **(1,441)** |
| - Depreciation and amortisation | 946 | 1,124 |
| - Performance share plan | 158 | - |
| - Change in provisions | - | (292) |
| - Finance income | (46) | (8) |
| - Finance costs | 412 | 400 |
| - Exchange differences | 9 | 43 |
| **Adjustments to loss** | **1,479** | **1,267** |
| - Decrease/(increase) in inventories | 789 | (590) |
| - Decrease in trade and other receivables | 3,772 | 423 |
| - (Decrease)/ increase in trade and other payables | (5,522) | 3,439 |
| - (Increase) in other assets and liabilities | - | (1,856) |
| **Changes in working capital** | **(961)** | **1,416** |
| - Interest (paid) | (229) | (242) |
| - Income tax paid | (42) | (140) |
| **Other cash flows used in operating activities** | **(271)** | **(382)** |
| **CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES (I)** | **(1,491)** | **860** |

## 8. Borrowings

| | **30 June 2018** ***€000*** ***(unaudited)*** | **31 December 2017** ***€000*** ***(audited)*** |
|---|---|---|
| Syndicated loan | 9,556 | 10,478 |
| Capitalised costs – net | (563) | (697) |
| Revolving credit facility | 527 | 500 |
| Finance lease liabilities | 2,320 | 2,635 |
| Other financial liabilities | 1,005 | - |
| Total borrowings | 12,845 | 12,916 |
| Amount due for settlement within 12 months | 3,636 | 3,278 |
| Amount due for settlement after 12 months | 9,209 | 9,638 |

Additional permitted bank facilities have been signed in June 2018 to reinforce the working capital of the Group, the main increased facilities being:

- Increase of revolving credit facilities from €500 thousand to €2,000 thousand.
- Increase of factoring and discounting facilities from €1,000 thousand to €3,000 thousand.

Additionally, the Group also has at its disposal a limit of €9 million of performance bonds and €5.8 million of factoring facilities with non-recourse.

**9. Dividends**

A final dividend of £1,492,480 (equivalent euro value of €1,708 thousand), corresponding to 3.2 pence per ordinary share, was paid on June 2018.

This dividend is based on an annualised dividend yield of 6.4 per cent (calculated on the Placing Price) pro rated for the period for which the Company have been AIM quoted for the year ending 31 December 2017 (approximately 6 months).

**10. Post Balance sheets events**

No events have occurred after 30 June 2018 that might significantly influence the information reflected in these consolidated financial statements.