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.

22 July 2020

GYG plc

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

2019 Final Results

Order Book providing more forward visibility than ever before

GYG (AIM: GYG), the market leading superyacht painting, maintenance and supply company, today announces its audited Final Results for the year ended 31 December 2019.

Financial Highlights

- Group revenue increased 41.8% to €63.8m (FY18: €45.0m)
  - Coatings (Refit and New Build) revenue increased 51.5% to €53.7m (FY18: €35.5m)
  - Supply revenue up 6.3% to €10.1m (FY18: €9.5m)
- Adjusted EBITDA[1] increased to €4.5m (FY18: loss of €0.9m)
- Operating profit of €1.3m (FY18: operating loss of €4.3m)
- Profit before tax increased to €0.8m (FY18: loss of €4.6m)
- Net debt position[2] of €8.2m at 31 December 2019 (FY18: €7.8m)
- Cash of €5.5m at 31 December 2019 (€5.1m at 31 December 2018)

Operational Highlights

- Six major contract wins in the New Build sector during the year and €11.2m of New Build revenue generated in 2019 (FY18: €3.7m)
- Significantly improved the Group's Total Order Book to €42.7m as at 30 June 2020 up from €38.6m at 30 June 2019
- 46% increase in the number of Refit projects undertaken during the year, generating €42.5m of revenue (FY18: €31.8m)
- Expanded customer base and service offering in the Supply division with renewed focus on CRM systems and collaboration with Coatings division
- Entered collaboration agreement with Akzo Nobel to develop and bring to market an application methodology for its new sprayable filler product
- Restructured senior management team to provide greater focus on important drivers including sales, operations and logistics
- Several strategic initiatives implemented to improve gross margins and deliver operational efficiencies

Order Book

The Order Book at 30 June 2020 provides more forward visibility than ever before:

Order Book at:	Total Order Book	Current Year	Current Year +1	Forward Order Book
30 June 2018	€29.9m	€11.2m	€13.1m	€5.6m
30 June 2019	€38.6m	€15.3m	€18.2m	€5.1m
30 June 2020	€42.7m	€16.4m	€20.7m	€5.6m

Outlook and COVID-19

- Encouraging first half of 2020 following 2019 operational improvements and increased levels of activity in both New Build and Refit, providing a robust outlook
- Contingency plans implemented to manage effects of COVID-19 leading to two-week suspension of projects in Spain, UK and France
- Projects in Northern Europe and USA continued with some disruption due to adjustments to operating protocols and travel restrictions
- Majority of operations restored by early May, complying with appropriate health and safety measures
- Bank facilities improved and balance sheet strengthened to provide resilience against COVID-19 uncertainties
- No projects cancelled during COVID-19 period enabling the Group to enter H2 with a record Order Book
- Strong sales momentum in H1 with the signing of several major new Refit contracts for immediate start

(1) Adjusted EBITDA is defined as operating profit before depreciation, amortisation, impairment, performance share plan costs and exceptional items. This is an alternative performance measure used by Directors to assess the operating performance of the Group.

(2) Net debt position is defined as the net cash and cash equivalent balances, less short and long-term borrowings and obligations under leases. This is an alternative performance measure used by investors, financial analysts, rating agencies, creditors and other parties to ascertain a company's debt position

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

Analyst Conference Call

There will be a conference call/webcast for sell-side analysts at 10:30am BST this morning, the details of which can be obtained from FTI Consulting.

Remy Millott, Chief Executive of GYG plc, commented:

"2019 was a transformational year for GYG and I am pleased that we ended the year with a record Order Book that provides both consistency and sustainability of earnings. Having signed six New Build contracts in the year and further wins in 2020, there is no doubt that management's focus on the Northern European shipyards has delivered results and helped to offset the seasonality of the Refit market.

Having invested in systems and processes through 2019, the team's focus for 2020 has been and remains on improving our gross margins to deliver a stronger Group EBITDA performance, along with improving cash flows and reducing debt.

With regard to the COVID-19 pandemic, I would like to thank the team for their professionalism and agility during this time. The health and safety of our staff, suppliers and customers remains our top priority and thanks to the specific improvements made during 2019, we were well equipped to respond quickly and effectively. With the appropriate health and safety measures in place, the projects which were temporarily suspended are now underway and we can continue our high standard of service across our operations.

The Group has had an encouraging first half of 2020 and GYG's outlook is healthy. Our brands are well positioned to exploit further opportunities both in Europe and the USA to deliver sustainable growth and increasing shareholder value. The Board looks to the future with confidence."

For further information, please contact:

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Notes to Editors:

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

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

Forward looking statements

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

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

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

CHAIRMAN'S STATEMENT

2019 was a transformational year for the Group from which I am pleased to report a solid set of results and a much-improved operational platform. The Group delivered a substantial increase in revenues over 2018 as a result of its strategy to increase share in the New Build sector, alongside a stronger performance in the Refit sector following the return to more normalised market conditions.

Significant progress has been made during 2019 to increase our share in the larger yacht segment (LOA >70m) of the growing New Build market in Northern Europe, with six major contract wins contributing to a strengthening of the forward Order Book going in to 2020.

Management have made significant changes to the organisation over the course of the year, focusing on systems, processes and core business activities aimed at improving margins and enhancing both the quality and sustainability of earnings. The process and system improvements implemented during the year will provide a more stable and scalable platform on which to continue the Group's strategic growth, which will deliver operational efficiencies and improved financial performance going forward.

FINANCIAL RESULTS

The Group delivered a 41.8% increase in revenues in the year ended 31 December 2019 to €63.8m (FY18: €45.0m). The Coatings division achieved a 51.5% increase in revenues to €53.7m (FY18: €35.5m) as a result of continued penetration in the New Build sector and a strong performance in Refit following the return to more normalised levels of demand. The Supply division delivered revenues of €10.1m (FY18: €9.5m), an increase of 6.3%.

The improved trading performance resulted in an adjusted EBITDA of €4.5m (FY18: loss of €0.9m) and an operating profit before tax of €1.3m (FY18: loss of €4.3m). The EBITDA margin of 7.1% (FY18: (2.0%)) reflects the early signs of improvement in operational performance.

EARNINGS PER SHARE AND DIVIDENDS

The net profit for the year was €0.7m (FY18: loss of €3.2m) creating an earnings per share of €0.02 (FY18: loss per share of €0.06) and an adjusted basic earnings per share of €0.06 (FY18: loss per share of €0.02).

It is the Board's intention to return to the dividend list at the earliest appropriate opportunity, however the Board believes it was in the best interest of the Company not to declare a dividend in 2019 as it continues to strengthen the balance sheet and expand the scale of its activity.

FINANCIAL POSITION

The Group´s financial position has strengthened marginally following the return to profitability with net cash increasing slightly over 2018 levels. The Group adopted IFRS 16 during 2019 so all lease obligations are now recognised as liabilities on the balance sheet with an offsetting asset value recognising the associated benefit of those leases.

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

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

PEOPLE AND ORGANISATIONAL DEVELOPMENT

Management have made significant progress in strengthening the team and improving core processes and controls. They are currently investigating opportunities to upgrade IT systems to increase automation, improve operational efficiency and scale for future growth.

Following the resignation of Gloria Fernandez, Chief Financial Officer, in July 2019, Kevin McNair was appointed as the new Group CFO, having served as Interim CFO since March 2019.

CURRENT TRADING AND OUTLOOK

During 2019, the Coatings division signed six major New Build contracts for projects commencing in 2020/2021 which has significantly increased the Group’s share in the Northern European market and expanded the New Build customer base to two major new yards. Post-period end, the team signed a further contract for an 80m New Build yacht, scheduled to start in Q4 2020. The sales focus remains on extending market share for 2020-2023 by winning new orders with existing shipyards and converting opportunities with new clients, further reducing the impact of Refit seasonality.

Following the completion of major new infrastructure developments by the Refit shipyards in Barcelona and the USA, with the capacity to accommodate the growing 70m+ fleet, the Group is well positioned to exploit the strong growth forecast in this market segment both in Europe and the USA.

The Supply division remains focused on the large yacht fleet and extending its service proposition. The team will refresh and launch a new Pinmar Yacht Supply brand in H2 2020 while utilising the new CRM system to better target its marketing efforts to the 70m+ fleet.

The strong momentum experienced in H2 2019 continued into 2020, particularly in the Coatings division, resulting in increased levels of activity in both New Build and Refit in the first quarter.

Since mid-March when the COVID-19 pandemic spread through Europe and the USA, I have been impressed with the way in which GYG has reacted and responded. Invoking its contingency plans, the Group adapted its operations to comply with appropriate health and safety procedures and, whilst some projects have been delayed, none have been cancelled. As such, the market outlook is healthy and the Board looks to the future with continued confidence.

Stephen Murphy
Non-Executive Chairman

CHIEF EXECUTIVE'S REPORT

I am pleased to report our results for the year ended 31 December 2019, in which we have made significant progress across all areas of the Group. Our New Build strategy started to deliver meaningful results with six contract wins secured in the year. This, coupled with the return to a normalised Refit market, has resulted in a solid performance in the Coatings division. Trading in the Supply division continued to deliver steady growth in line with expectations.

During the year we restructured the senior management team and started several important initiatives aimed at improving our gross margins and delivering operational efficiencies. These initiatives have started to impact results and management will remain focused on these developments to further enhance our 2020 trading results and future EBITDA performance.

In the last few months, the world has been faced with the COVID-19 pandemic and as a Group we have adapted and responded appropriately. Within such changes, the health and safety of our employees remains our top priority and I would like to thank them for their resilience, adaptability and professionalism during this time.

FINANCIAL OVERVIEW

The Group delivered revenues of €63.8m in the year ended 31 December 2019 (FY18: €45.0m) an increase of 41.8% with an operating profit of €1.3m (FY18: loss of €4.3m) and an adjusted EBITDA of €4.5m (FY18: loss of €0.9m) with a net profit of €0.7m (FY18: net loss of €3.2m). Our gross margins improved as a result of the higher production levels, with our average gross margin for 2019 at 23.5%, up from 17.9% in FY18. We ended the year with cash of €5.5m (FY18: €5.1m) and net debt of €8.2m, up from €7.8m in FY18.

STRATEGY

Coatings

We have made significant progress with our New Build strategy over the last 12 months adding six major contracts to our Order Book and are confident that our strategic decision to focus on the Northern European yards remains valid. These yards represent the premium segment of the 70m+ superyacht New Build market and are the most suited to GYG's high quality and technically advanced fairing and painting services. We have made very good progress in developing preferred supplier relationships with targeted yards that value disciplined project management, high capacity ability, deliverability and premium quality craftsmanship. The Group has achieved a significant increase in its market share of this niche market segment with plenty of headroom for continued growth both within the yards it currently serves and through developing targeted new relationships with other leading shipbuilders.

Remaining at the forefront of application technology and quality standards is a key part of GYG's unique New Build proposition and our recent collaboration with Akzo Nobel to bring its sprayable filler to the New Build market promises to be another important differentiator by greatly reducing the time taken to fill and fair large superyachts.

The investment the Group has made in developing its CRM system to facilitate intelligence led marketing campaigns backed up by a more effective sales and tendering process has seen solid returns in terms of higher conversion rates and increased pipeline velocity. We will leverage this powerful tool as we continue to grow our market share in the higher value segments. During 2019 the Group successfully consolidated its brand portfolio to leverage its market leading global brand, Pinmar. It has successfully migrated the previous Rolling Stock and ACA Marine customers and rolled out the Pinmar brand across all its global locations giving the Group more consistency and better clarity to the market.

We remain closely aligned to our key Refit shipyard partners and continue to invest in our facilities and resources to match the growth at these strategic locations that have and continue to develop the necessary infrastructure to accommodate the large superyacht Refit programmes. In 2019, we saw a significant upturn in capacity with the new facilities in Barcelona, MB92, and the USA, Savannah Yacht Center coming online. These substantial increases in capacity for large yachts alongside those of Lurssen in Germany, Feadship and Oceanco in Holland, all of whom have opened new Refit facilities to service their growing fleets, provide further opportunities for growth. Our strong relationships with the major fleet management companies continues to evolve as we see an increasing number of large yachts coming under professional management.

Supply

Our growth strategy for the Supply division is focused on the large yacht fleet and extending our service proposition beyond our physical locations so we can capture a greater share of their annual spend. On 1 June, the Group announced the re-positioning of Pinmar Yacht Supply to the superyacht market, with new branding, better presentation of our retail facilities and more focused digital marketing to the superyacht fleet. The deployment of the CRM system coupled with the improvements we have made in account management, warehouse efficiency and logistics, support this initiative.

DIVISIONAL REVIEW

GYG's activities are segmented between two divisions, Coatings and Supply. For the year ended 31 December 2019 the Coatings division increased revenues by 51.5% to €53.7m (FY18: €35.5m) and an adjusted EBITDA of €3.6m (FY18: loss of €1.5m). The Supply division delivered revenues of €10.1m (FY18: €9.5m) and an adjusted EBITDA of €0.9m (FY18: €0.6m).

Operating profit

The increase in revenues across the Group led to a significant increase in operating profits which totalled €1.3m (FY18: loss of €4.3m). At the adjusted EBITDA level, this showed a similar improvement which totalled €4.5m (FY18: loss of €0.9m).

COATINGS DIVISION

New Build

Following the adoption of the Group's 2018 New Build marketing strategy, management has invested substantial time developing relationships directly with the leading New Build shipyards in Northern Europe. The Group has been invited to tender for an increased number of contracts and has secured more work as a preferred paint partner contracted directly by the shipyard. This has resulted in a significant uplift in our win rate and delivered a stronger forward Order Book for New Build in 2020/2021.

During 2019, the Group generated €11.2m (FY18: €4.0m) of revenues primarily from two major New Build contracts in Holland and Germany which commenced in Q4 2018. These two New Build projects enabled the Group to offset some of the seasonal downturn in the Refit sector during the summer, facilitating better asset utilisation with reduced manpower and sub-contractor costs. Both these projects will complete in Q3 2020 with labour and management resources moving to several new projects starting in both new and existing shipyards. As we enter H2 2020, we are gearing up to start work on an unprecedented six New Build projects in Holland and Germany, five of which are 70m+ and include the well documented 180m research vessel REV.

Refit

The Refit market saw a return to more normalised trading patterns in 2019 with a significant uplift in demand spurred by the delayed or postponed projects from 2018. Furthermore, the commissioning of major new infrastructure in key Refit shipyards both in Europe and the USA served to increase the capacity particularly for the growing 70m+ and 90m+ fleets. As the global market leader with a dominant share of the 70m+ and 90m+ segments, the Group was well positioned to exploit the upturn in demand winning significantly more orders for larger vessels with increased average value than in previous years. The Group undertook 46% more major Refit projects in 2019 than the previous year, generating revenues of €42.2m (FY18: €31.8m).

Having a strong, consistent and visible Order Book for Refit enables the operations department to plan and control manpower, materials and equipment much more efficiently. During the year the team made improvements in the resource utilisation, materials management and information systems. The full effects of these improvements will become evident during 2020 as they are rolled out across our global operations, leading to improved gross margins and underpinning the quality of earnings.

SUPPLY DIVISION

The Supply division's turnover increased by 6.3% to €10.1m reflecting a solid performance in a competitive market. The trade business continues to exhibit steady growth from improvements in account management and business development. A consolidation of warehousing capacity, coupled with organisational changes to purchase and supply chain management, have led to efficiency gains and cost reductions together with improvements in stock management and logistics. The full benefits of these initiatives will materialise in 2020.

Progress has been made in expanding both the customer base and service offering from the superyacht direct Supply division. During 2019, the Coatings CRM system was developed for yacht supply enabling the sales team to access the Group's market database and to start leveraging the synergies with the Coatings sales team who are in communication with the same fleet. Such progress and initiatives demonstrate a major growth opportunity for the Supply division.

Brand recognition and awareness across the market is growing and will be further enhanced as the Group promotes the refreshed Pinmar Yacht Supply image and launches a new intelligence driven marketing campaign specifically targeting the 70m+ fleet.

OPERATIONAL REVIEW

During 2019 the Group restructured the senior management team to provide greater focus on the important drivers including sales, operations and logistics. This is part of management's continued direction to implement several efficiency and productivity initiatives aimed at improving gross margin and reducing fixed costs. We started to see the benefits of these initiatives in Q4 2019 and expect the full effects to become evident in 2020, enhancing both the quality and sustainability of the Group's earnings.

The Group continues to innovate and invest in new application technology, leveraging its strong relationships with the main superyacht paint manufacturers. In 2019 the Group entered a collaboration agreement with Akzo Nobel to develop and bring to market an application methodology for its new sprayable filler product. This is anticipated to deliver a significant reduction in the time taken to fill and fair large superyachts. With demand increasing in the 70m+ New Build segment, shipyards are looking for ways to reduce delivery times; fairing and painting is one of the longest individual processes during the outfitting phase. As such, management believes this new filler system will be extremely attractive for shipyards and will help to further differentiate the GYG proposition. This collaboration follows the Group's pioneering adoption of electrostatic topcoat application, which is delivering significant quality and environmental benefits, further asserting GYG's position leading the industry, being at the forefront of new technologies and standards in superyacht finishing.

GYG continues to develop its human resources function through a combination of structured in-house training programmes and strategic recruitment. We have, and continue to, strengthen the management team introducing a mix of industry experience and related business expertise. Our management operate with well-defined objectives and key performance indicators ensuring a focus on the main business agenda. During 2019 we introduced an incentive scheme for the painting teams to benefit from the successful achievement of cost, time and quality goals at the project level which is proving to be very motivational.

Our IT team continue to work on a programme of system developments to automate business processes and provide better management information leading to improvements in operational planning and control.

MARKET DEVELOPMENTS

Our target market, the 40m+ superyacht fleet, continues to grow at a steady 3.5% with an average of 66 new vessels added to the fleet each year. Independent market research predicts that the 40m+ fleet will continue to deliver a similar number of yachts per year through 2024 as the growth rate reduces to a compound average growth rate (CAGR) of around 3.2%. A detailed analysis of the forward order books of the New Build yards indicates that the 70m+ and 90m+ segments will deliver higher growth rates of 4.3% and 4.6% respectively, evidencing the trend for larger superyachts. This is particularly positive for GYG given its strategic targeting of the shipyards that are constructing the larger, 70m+, vessels.

The Refit market continues to exhibit progressive growth with a forecast CAGR from 2019–2024 of 3.4% at the unitary level. Market estimates suggest that the current annual value of the Refit paint market is c.€233m and will grow to an estimated c.€285m by 2024 (CAGR 3.4%) with the 70m+ and 90m+ segments signalling higher growth rates, which again is positive for GYG which has a market leading share of these segments.

CURRENT TRADING

I am pleased with the progress we made in 2019 and feel confident that we are well placed to take advantage of the continued market growth that is forecast. We entered 2020 with a record Order Book (Order Book: Jan 2020 €44.4m, Jan 2019 €33.9m) that provides both consistency and sustainability of earnings. The Order Book at 30 June 2020 provides more forward visibility than ever before:

Order Book at:	Total Order Book	Current Year	Current Year +1	Forward Order Book
30 June 2018	€29.9m	€11.2m	€13.1m	€5.6m
30 June 2019	€38.6m	€15.3m	€18.2m	€5.1m
30 June 2020	€42.7m	€16.4m	€20.7m	€5.6m

The forward visibility of the Order Book enables our operations team to plan our resources efficiently. This will, together with the system and process improvement initiatives that we have implemented, facilitate significant improvement in our gross margins and the Group's EBITDA performance which is one of our main objectives for 2020, along with improving cash flows and reducing debt.

GYG has reacted and responded appropriately during the exceptional circumstances presented to the Group over the last few months due to the COVID-19 pandemic. The strengthening of the management team in 2019 together with the improvements to IT systems and organisational processes mean the Group was well equipped to respond quickly and effectively to the impact of the COVID-19 pandemic. Having invoked its contingency plans on 8 March when the virus started to spread across Europe, the Group maintained operations with enhanced health and safety protocols in place for front line staff, and all back-office staff began working remotely in line with the various government guidelines and regulations. During a two-week period (30 March – 14 April) of more stringent regulatory restrictions in Spain, UK and France, the Group was forced to temporarily suspend projects and close its retail stores. Following the improvements in resource planning and the introduction of more flexible labour contracts during 2019, the Group was able to rapidly reduce its labour costs during the short period of reduced activity.

Spanish and French operations were restarted on 15 April with testing protocols in place for front line staff. UK operations were re-started on 4 May. The Supply division maintained service to yachts and trade clients through online ordering and deliveries, and retail stores were re-opened on 4 May once government restrictions permitted. New Build and Refit projects in Holland, Germany and the USA continued with limited disruption as a result of travel restrictions and adjustments to working practices to accommodate changes to shipyard procedures and health and safety protocols. The health and safety of all employees, suppliers and customers remains GYG's top priority and we will endeavour to continue servicing our customers while maintaining our financial and operational resilience.

The superyacht New Build, Refit and Supply markets are stable and GYG's Order Book remains robust for 2020 and beyond. Despite the small number of projects where start dates have been delayed, there have been no cancellations. Sales activity has been high during the period with video communications replacing physical travel. Some owners have written off the summer 2020 cruising/charter season and are instead taking the opportunity for early maintenance work, which has led to a number of major Refit contracts being signed for an immediate start. Overall, despite the short period of disruption to operations, the Group is now operating above 90% capacity with a record Order Book going into Q3 2020. At this juncture, the Board remains confident that it will meet the current market expectations for 2020.

Outlook

Whilst there are encouraging signs regarding containment of the virus in Europe and the USA, the future impact of the virus is unknown and the broader economic impacts are impossible to assess at this stage. Importantly, as outlined above, the Group has not witnessed the cancellation of any contract and the sales team is extremely busy as owners and management companies look to take advantage of the restricted summer period to attend to maintenance. The demand for superyacht refits is neither perishable nor replaceable as it is driven by the requirement to both maintain the quality of the asset and comply with its class registration and insurance.

The New Build market remains robust and the Group continues to engage with a number of Northern European shipyards on upcoming projects. There is no doubt that the superyacht client base of approximately 2,500 ultra-high net worth individuals has a track record of resilience even in difficult market conditions and GYG looks forward to continuing to service its clients' requirements across its global markets. The Group has successfully implemented adjustments to its operating protocols enabling it to continue production safely and efficiently in the new paradigm. It has emerged from the period of restricted operations with solid momentum and is well placed to fulfil its strong Order Book and deliver sustainable growth in earnings.

Remy Millott
Chief Executive Officer

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

Year ended 31 December 2019	**Coatings**	**Supply**	**Total reportable segments**
	€000	**€000**	**€000**
Revenue	53,718	10,109	63,827
Adjusted EBITDA	3,628	880	4,508

Year ended 31 December 2018	**Coatings**	**Supply**	**Total reportable segments**
	€000	**€000**	**€000**
Revenue	35,458	9,506	44,964
Adjusted EBITDA	(1,460)	545	(915)

Revenue in the year ended 31 December 2019 increased 41.8% to €63.8m (FY18: €45.0m). This was driven principally by a 51.5% increase in turnover in the Coatings division, reflecting the return to more normal trading conditions in the Refit market after a challenging year in 2018 (as described in the 2018 report and accounts) and the early stages of growth in New Build revenue. Additionally, the Supply division revenue grew by 6.3% growth in FY19.

As a result of the increase in revenue, operating costs (not including exceptional items, impairment, performance share plan costs, depreciation and amortisation), increased by 27.2% from €49.2m in FY18 to €62.6m in FY19. The growth in operating costs was significantly lower than the increase in revenue during the year, resulting in:

- an operating profit of €1.3m in the year (FY18: loss of €4.3m);
- an adjusted EBITDA of €4.5m (FY18: loss of €0.9m); and
- a net profit, excluding exceptional items, impairment and performance share plan costs, for the year of €1.1m (FY18: net loss of €1.7m).

The exceptional items of €0.3m in the year (FY18: €0.9m) related mainly to restructuring costs and as part of a cost saving plan which included redundancies and other costs associated with reorganising and restructuring parts of the Group.

Financial expenses of €0.8m in the year (FY18: €0.7m) mainly related to interest on the syndicated loan signed in March 2016, various working capital facilities, finance leases and foreign exchange rate.

EARNINGS PER SHARE AND DIVIDENDS

Net profit for the year was €0.7m (2018: loss of €3.2m). Profit per share was €0.02 (FY18: loss of €0.06 per share) and adjusted basic profit per share was €0.06 (FY18: loss per share €0.02).

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, depreciation of tangible assets and performance share plan costs (considering the tax effect of these adjustments).

	Year ended 31 December 2019	**Year ended 31 December 2018**
Earnings/(losses) for the period attributable to shareholders (€000)	753	(3,016)
Weighted average number of shares	46,640,000	46,640,000
Basic earnings/(losses) per share (€)	0.02	(0.06)
Adjusted basic earnings/(losses) per share (€)	0.06	(0.02)
Dilutive weighted average number of shares	47,777,975	47,364,350
Diluted earnings/(losses) per share (€)	0.02	(0.06)
Adjusted diluted earnings/(losses)/per share (€)	0.06	(0.02)

The Board believed it was in the best interest of the Company not to pay a dividend in relation to FY18, however it is the Board's intention to return to the dividend list at the earliest appropriate opportunity.

FINANCIAL POSITION

Cash and cash equivalents totalled €5.5m at 31 December 2019 compared to €5.1m as at 31 December 2018. The increase year on year was driven principally by the management of working capital and increased EBITDA. As a result, the net debt as at 31 December 2019 was €8.2m, compared to €7.8m as at 31 December 2018. During the year, the Group adopted IFRS 16 as described in the financial statements which involved the Group reclassifying €2.0m of operating leases as borrowings during the period.

Total net assets on the balance sheet were €13.3m as at 31 December 2019, compared to €12.5m as at 31 December 2018, reflecting the improved levels of revenue and profit during the year.

The group has factoring facilities with the Spanish bank, Bankia, that are categorised as both recourse and non-recourse arrangements.

One of the factoring agreements, titled Factoring Without Recourse, had historically been treated as a without recourse arrangement, and the related trade receivables and current financial liabilities were derecognised. The terms of that agreement have been reassessed during the year, and it has been concluded that substantially all risks and rewards in relation to insolvency and late payment had not been transferred to Bankia, and as a consequence did not meet the requirements of IFRS 9 to derecognise an asset and liability alongside with a financial liability.

As a result of the reassessment the comparatives for the year ended 31 December 2018 have been restated. Trade receivables alongside with current financial liabilities associated with factoring facilities amounting to €1.2 million respectively, that were derecognised in the prior year, have been reinstated in the consolidated statement of financial position as at 31 December 2018. In relation to the cash flow statement, the cash flow from operating activities has been restated in relation to trade and other receivables (see note 13) and the cash flows used in financing activities has been restated in relation to proceeds from bank borrowings by €1.2 million respectively. The prior year adjustment has a net impact of nil on the net assets. It also has no impact on the consolidated statement of comprehensive income.

Subsequent to the year end, the Directors have agreed a new factoring without recourse arrangement with Bankia. The new agreed terms and conditions for this facility are designed to allow it to meet the requirements of IFRS 9 for factoring without recourse

CASH FLOW

Net cash from operating activities was €3.0m for the year (FY18: €1.6m). Net cash used in investing activities was €0.7m for the year (FY18: €0.8m). Net cash used in financing activities was €1.8m for the year (FY18: €1.9m) mainly corresponding to the repayment of existing borrowings and finance leases.

Overall net cash inflow for the year was €0.5m compared to an outflow of €1.2m for FY18.

FINANCIAL OUTLOOK

As set out in the Chief Executive´s Report, the Directors are confident about the Group´s prospects going forward and are forecasting an improved financial performance in 2020. That having been said, the uncertainty surrounding the future evolution of the COVID pandemic is significant and is discussed in detail in the notes to the consolidated financial statements. For this reason, the audit opinion in the 2019 accounts contains an emphasis of matter in respect of going concern as a result of COVID-19 although the audit opinion will remain unqualified. 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 with a material element of unknown risk.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	Year ended 31 December 2019 € 000	Year ended 31 December 2018 € 000
Continuing operations			
Revenue	3	63,827	44,964
Operating costs		(62,568)	(49,233)
Adjusted EBITDA		4,508	(915)
Depreciation and amortisation		(2,808)	(1,886)
Impairment		-	(480)
Performance share plan		(108)	(108)
Exceptional items	4	(333)	(880)
Operating profit / (loss)		**1,259**	**(4,269)**
Gain on financial instruments		379	417
Finance costs		(810)	(737)
Profit / (loss) before tax		**828**	**(4,589)**
Tax	5	(145)	1,392
Profit / (loss) for the year		**683**	**(3,197)**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(33)	31
Total comprehensive profit / (loss) for the year		**650**	**(3,166)**
Profit / (loss) for the year attributable to:			
Owners of the Company		753	(3,016)
Non-controlling interest		(70)	(181)
Total comprehensive profit / (loss) for the year attributable to:			
Owners of the Company		720	(2,985)
Non-controlling interest		(70)	(181)
Earning /(loss) per share (€)	**6**		
From continuing operations			
Basic		0.02	(0.06)
Diluted		0.02	(0.06)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

ASSETS	Note	2019 € 000	2018 € 000 Restated
Non-current assets			
Goodwill	7	9,350	9,333
Other intangible assets		10,448	11,313
Property, plant and equipment		10,353	8,178
Other financial assets		144	1,605
Deferred tax assets		508	261
Total non-current assets		**30,803**	**30,690**
Current assets			
Inventories		2,535	2,546
Trade and other receivables		8,656	8,107
Cash and cash equivalents		5,529	5,069
Total current assets		**16,720**	**15,722**
Total assets		**47,523**	**46,412**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

LIABILITIES	**Note**	**2019 € ´000**	**2018 € ´000 Restated**
Current liabilities			
Trade, deferred income and other payables		(17,468)	(16,763)
Obligations under leases	8	(1,571)	(816)
Borrowings	8	(5,062)	(4,384)
Provisions		(468)	(349)
Derivative financial instruments		(14)	(37)
Total current liabilities		**(24,583)**	**(22,349)**
Net current (liabilities) / assets		**(7,863)**	**(6,627)**
Non-current liabilities			
Obligations under leases	8	(2,184)	(1,139)
Borrowings	8	(4,915)	(6,488)
Deferred tax liabilities		(2,555)	(2,218)
Long-term provisions		(19)	(819)
Other financial liabilities		-	(547)
Other liabilities		-	(343)
Total non-current liabilities		**(9,673)**	**(11,554)**
Total liabilities		**(34,256)**	**(33,903)**
Net assets		**13,267**	**12,509**
EQUITY			
Share capital	9	106	106
Share premium		7,035	7,035
Retained earnings		5,707	5,894
Translation reserve		(70)	(37)
Capital redemption reserve		114	114
Share based payment reserve		375	267
Equity attributable to owners of the Company		**13,267**	**13,379**
Non-controlling interest		**-**	**93**
Put option reserve		**-**	**(963)**
Total equity		**13,267**	**12,509**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share capital € 000	*Share premium € 000*	*Retained earnings € 000*	*Translation reserves € 000*	*Capital redemption reserve € 000*	*Share based payment reserve € 000*	*Total € 000*	*Non-controlling interests € 000*	*Put option reserve € 000*	*TOTAL EQUITY € 000*
Balance at 31 December 2017	**106**	**7,035**	**10,716**	**(68)**	**114**	**159**	**18,062**	**274**	**(963)**	**17,373**
Effect of change in accounting policy	-	-	(98)	-	-	-	(98)	-	-	(98)
Adjusted opening balance	**106**	**7,035**	**10,618**	**(68)**	**114**	**159**	**17,964**	**274**	**(963)**	**17,275**
Dividend distribution	-	-	(1,708)	-	-	-	(1,708)	-	-	(1,708)
Credit to equity for share based payments	-	-	-	-	-	108	108	-	-	108
Transactions with owners in their capacity of owners	**-**	**-**	**(1,708)**	**-**	**-**	**108**	**(1,600)**	**-**	**-**	**(1,600)**
Loss for the year			(3,016)	31	-	-	(2,985)	(181)	-	(3,166)
Total comprehensive loss for the year	**-**	**-**	**(3,016)**	**31**	**-**	**-**	**(2,985)**	**(181)**	**-**	**(3,166)**
Balance at 31 December 2018	**106**	**7,035**	**5,894**	**(37)**	**114**	**267**	**13,379**	**93**	**(963)**	**12,509**
Acquisition of non-controlling interest	-	-	(940)	-	-	-	(940)	(23)	963	-
Credit to equity for share based payments	-	-	-	-	-	108	108	-	-	108
Transactions with owners in their capacity of owners	-	**-**	**(940)**	**-**	**-**	**108**	**(832)**	**(23)**	**963**	**108**
Profit for the year	-	-	753	(33)	-	-	720	(70)	-	650
Total comprehensive income for the year	**-**	**-**	**753**	**(33)**	**-**	**-**	**720**	**(70)**	**-**	**650**
Balance at 31 December 2019	**106**	**7,035**	**5,707**	**(70)**	**114**	**375**	**13,267**	**-**	**-**	**13,267**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2019

	Note	2019 € 000	2018 € 000 Restated
CASH FLOWS FROM OPERATING ACTIVITIES (I)	11	**2,960**	**1,599**
- Purchase of intangible assets		(82)	(47)
- Purchase of property, plant and equipment		(739)	(769)
- Proceeds from disposal of property, plant and equipment		92	7
CASH FLOWS USED IN INVESTING ACTIVITIES (II)		**(729)**	**(809)**
- Proceeds from obligations under finance leases		-	191
- Proceeds from bank borrowings		2,925	2,317
- Repayment of obligations under finance leases		(1,631)	(871)
- Repayment of borrowings		(2,927)	(1,836)
- Payments to acquire shares from non-controlling interests		(167)	-
- Dividends paid to shareholders		-	(1,708)
CASH FLOWS USED IN FINANCING ACTIVITIES (III)		**(1,800)**	**(1,907)**
Effect of foreign exchange rate changes (IV)		**29**	**(50)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**460**	**(1,167)**
Cash and cash equivalents at the beginning of the year		5,069	6,236
Cash and cash equivalents at the end of the year		5,529	5,069

NOTES

For the year ended 31 December 2019

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.

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

These consolidated financial statements were prepared by the Board of Directors in accordance with the application of International Financial Reporting Standards (IFRSs) as adopted by the European Union and the interpretations issued by the IFRS Interpretations Committee (IFRS IC) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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 below.

2.2. Going concern

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

The Group meets its day-to-day working capital requirements from cash flows generated from operations and banking facilities. The Group has committed banking facilities which are due to be repaid in March 2021 with a bullet payment of €4m.

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

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

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

Given the information available, current trading and orders being received, the Directors are confident that the forecasts will be met, and sufficient liquidity will be available to meet liabilities as they fall due, including the bullet payment on the existing bank facilities, and therefore believe it is appropriate to prepare the financial statements on a going concern basis. However, if the impact of the COVID-19 pandemic were to be more severe with more significant impacts on operations the Group may not have sufficient cash resources to meet its liabilities as they fall due, which indicates the existence of a material uncertainty which may cast significant doubt for the Group and parent company with regards to their ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and parent company were unable to continue as a going concern.

3. Segment information

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

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

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

3.1. Business segments

Segment information about the above businesses is presented below for the year ended 31 December 2019 and 2018:

Year ended 31 December 2019

	Coating	**Supply**	**Total reportable segments**
	€000	***€000***	***€000***
Revenue	53,718	10,109	63,827
Gross profit	12,731	2,254	14,985
Adjusted EBITDA	3,628	880	4,508
Depreciation and amortisation			(2,808)
Performance share plan			(108)
Exceptional items			(333)

Operating profit	**1,259**
Gain on financial instruments	379
Finance costs	(810)
Profit before tax	**828**

Year ended 31 December 2018

	Coating	Supply	Total reportable segments
	€000	***€000***	***€000***
Revenue	35,458	9,506	44,964
Gross profit	5,990	2,050	8,040
Adjusted EBITDA	(1,460)	545	(915)
Depreciation and amortisation			(1,886)
Impairment			(480)
Performance share plan			(108)
Exceptional items			(880)
Operating Loss			**(4,269)**
Gain on financial instruments			417
Finance costs			(737)
Loss before tax			**(4,589)**

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

At 31 December 2019 and 2018 the Group has the following specific assets allocated to the business segments:

31 December 2019

	Coating	Supply	Total reportable segments
	€000	***€000***	***€000***
Goodwill	8,502	848	9,350
Inventories	157	2,378	2,535
Trade and other receivables	7,493	1,163	8,656
Trade, deferred income and other payables	(14,041)	(3,427)	(17,468)

31 December 2018 restated

	Coating restated	Supply	Total reportable segments restated
	€000	***€000***	***€000***
Goodwill	8,485	848	9,333
Inventories	109	2,437	2,546
Trade and other receivables	7,080	1,027	8,107
Trade, deferred income and other payables	(13,336)	(3,427)	(16,763)

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

3.2. 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.

	Year ended 31 December 2019	Year ended 31 December 2018
	€000	***€000***
Spain	31,434	27,187
United Kingdom	128	1,422
Rest of Europe	23,659	8,225
Rest of the World	8,606	8,130
	63,827	44,964

At 31 December 2019 the Group has non-current assets allocated to Europe and "Rest of the World" for an amount of €28,591 thousand and €2,212 thousand, respectively (€28,647 thousand and €2,043 thousand, respectively, at 31 December 2018).

4. Exceptional items

The following table provides a breakdown of exceptional items:

	Year ended 31 December 2019	Year ended 31 December 2018
	€000	***€000***
Transaction fees	-	(127)
Restructuring costs	(333)	(753)
	(333)	(880)

Restructuring costs for the year 2019 and 2018 were part of a Group-wide cost saving plan which includes redundancies and other costs associated for reorganisation and restructuring of some departments.

Transaction fees for the year 2018 are mainly related to professional fees in relation to an aborted transaction.

The tax effect of the above exceptional costs amounts to €72 thousand for the year ended 31 December 2019 (€183 thousand for the year ended 31 December 2018).

5. Tax

5.1 Tax recognised in profit or loss

	Year ended 31 December 2019	**Year ended 31 December 2018**
	€000	***€000***
Corporation Tax		
Current year	(55)	(74)
Prior years	-	75
	(55)	1
Deferred tax		
Timing differences	157	428
Tax losses	(247)	963
	(90)	1,391
	(145)	1,392

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 profit/(loss) as follows:

	Year ended 31 December 2019	**Year ended 31 December 2018**
	€000	***€000***
Profit/(Loss) before tax from continuing operations	**828**	**(4,589)**
Tax at the Spanish corporation tax rate (25%)	(207)	1,147
Overseas tax differences	6	52
Tax effect of incomes / (expenses) that are not considered in determining tax profit	3	39
Utilisation of previously unrecognised losses	82	32
Other differences	(29)	122
	(145)	1,392

6. Earning/(loss) per share

	Year ended 31 December 2019	Year ended 31 December 2018
Earnings/(losses) for the year attributable to shareholders (€000)	753	(3,016)
Weighted average number of shares	46,640,000	46,640,000
Basic earnings/(losses) per share (€)	0.02	(0.06)
Adjusted basic earnings/(losses) per share (€)	0.06	(0.02)
Dilutive weighted average number of shares	47,777,975	47,364,350
Diluted earnings/(losses) per share (€)	0.02	(0.06)
Adjusted diluted earnings/(losses) per share (€)	0.06	(0.02)

7. Goodwill and Intangible assets

Goodwill

	Goodwill
	€000
Cost	
At 1 January 2018	9,292
Exchange differences	41
At 31 December 2018	9,333
Exchange differences	17
At 31 December 2019	9,350
Carrying amount	
At 31 December 2019	9,350
At 31 December 2018	9,333
At 1 January 2018	9,292

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 2019	31 December 2018
	€000	***€000***
Coating	8,502	8,485
Supply	848	848
	9,350	9,333

8. Borrowings and obligations under leases

	31 December 2019	31 December 2018 Restated
	€000	*€000*
Syndicated loan	6,788	8,626
Capitalised costs – net	(313)	(571)
Revolving credit facility	527	1,027
Factoring facility	2,714	1,199
Other financial liabilities	261	591
Total borrowings	**9,977**	**10,872**
Amount due for settlement within 12 months	5,062	4,384
Amount due for settlement after 12 months	4,915	6,488

	31 December 2019	31 December 2018
	€000	*€000*
Obligations under leases	3,755	1,955
Total obligations under leases	**3,755**	**1,955**
Amount due for settlement within 12 months	1,571	816
Amount due for settlement after 12 months	2,184	1,139

8.1 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, expiring on March 2021.

This syndicated loan is guaranteed by certain of the Group subsidiaries and consists of two different facilities:

- Facility A: loan for a total amount of €9,180 thousand with biannual maturities of €918 thousand until expiration on March 2021 since the beginning of the contract.

- Facility B: loan for a total amount of €4,000 thousand maturing at the end of the contract on March 2021 .

Both facilities bear interest at EURIBOR +3%.

The loan requires compliance with certain financial covenants. At 31 December 2019 the Group has achieved the financial covenants required by the syndicated loan. For the year ended at 31 December 2018 and considering the underperformance a waiver was signed with the financial institutions.

Additionally, the Group has at its disposal:

- Revolving credit facilities up to € 1.5m.
- Factoring and discounting facilities up to € 14.8m.
- Bank guarantees up to €10.3m, of which €2.8m were drawn as of 31 December 2019.

As a result of the above agreements, at year end the Group has bank facilities totalling €26.6m of which €8.9m were drawn and €17.7m were undrawn as of 31 December 2019.

Prior year numbers have been restated. A detailed explanation is set out in note 13.

8.2 Obligations under leases

As of 31 December 2019, the Group had the following minimum lease payments due to lessors in accordance with current contracts in place:

	Minimum lease payments
	As at 31 December 2019
	€000
Amounts payable under Obligations under leases:	
Within one year	1,571
In the second to fifth years inclusive	2,156
After five years	28
	3,755

Finance lease liabilities were included in borrowings until 31 December 2018, but were reclassified to lease liabilities on 1 January 2019 in the process of adopting the new leasing standard.

As of 31 December 2018, the Group had the following minimum finance lease payments due to lessors (including, where applicable, the purchase options) in accordance with current contracts in place:

	Minimum lease payments
	As at 31 December 2018
	€000
Amounts payable under finance leases:	
Within one year	816
In the second to fifth years inclusive	1,139
	1,955

The financial lease contracts are formalised in euros and have fixed interest rates in accordance with the financial market.

8.3 Obligations under operating leases

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short term and low-value leases.

As of 31 December 2018, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Minimum lease payments
	As at 31 December 2018
	€000
Amounts payable under operating leases:	
Within one year	590
In the second to fifth years inclusive	1,408
After five years	52
	2,050

The Group recognised €903 thousand as expenses in the year ended 31 December 2018 for operating lease payments.

9. Equity

At 31 December 2018 and 2019 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 2019. A 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 was 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 had been AIM quoted for the year ending 31 December 2017.

At 31 December 2019 the Group registered a share based payment reserve amounting to €375 thousand based on the agreements.

10. Acquisitions

On 30 June 2019, the Group completed the acquisition of ACA Marine, SAS, acquiring the remaining 30% to Atko, SARL of the issued share capital for an amount of €167 thousand. This agreement included the cancellation of the Put and Call Option Agreement that was in place, and therefore those balances related to the ACA Put Option registered under the captions "Put option reserve" and "Other financial liabilities" have been adjusted, generating a gain of €379 thousand.

11. Notes to the Cash Flow Statement

	Year ended 31 December 2019 € 000	Year ended 31 December 2018 Restated € 000
Profit / (loss) for the year before tax	**828**	**(4,589)**
- Depreciation and amortisation	2,808	1,886
- Impairment	-	480
- Performance share plan	108	108
- Gain on financial instruments	(379)	(417)
- Finance net costs	810	744
- Exchange differences	(27)	11
Adjustments to profit / (loss)	**3,320**	**2,812**
- Decrease in inventories	12	521
- (Increase)/decrease in trade and other receivables	(549)	3,415
- Increase in trade and other payables	520	324
Changes in working capital	**(17)**	**4,260**
- Interest paid	(491)	(616)
- Income tax paid	(680)	(268)
Other cash flows used in operating activities	**(1,171)**	**(884)**
CASH FLOWS FROM OPERATING ACTIVITIES	**2,960**	**1,599**

Prior year numbers have been restated. A detailed explanation is set out in note 13.

12. Post Balance sheets events

Subsequent to 31 December 2019, the COVID pandemic spread across the world. The impact of the pandemic on the Group is set out in the Strategic Report contained in the annual report and consolidated financial statements for the year ended 31 December 2019. As part of its response to the pandemic, the Group entered into an agreement with its banks to access €3.0m of new borrowing facilities to provide additional liquidity in case the pandemic continued for a longer than anticipated period. No other events have occurred after 31 December 2019 that might significantly influence the information reflected in these consolidated financial statements.

13. Restatement of prior period balances

The Group has factoring facilities with the Spanish bank, Bankia, that are categorised as both recourse and non-recourse arrangements.

One of the factoring agreements, titled Factoring Without Recourse, had historically been treated as a without recourse arrangement, and the related trade receivables and current financial liabilities were derecognised. The terms of that agreement have been reassessed during the year, and it has been concluded that substantially all risks and rewards in relation to insolvency and late payment had not been transferred to Bankia, and as a consequence did not meet the requirements of IFRS 9 to derecognise an asset and liability alongside with a financial liability.

As a result of the reassessment the comparatives for the year ended 31 December 2018 have been restated. Trade receivables alongside with current financial liabilities associated with factoring facilities amounting to €1.2m respectively, that were derecognised in the prior year, have been reinstated in the consolidated statement of financial position as at 31 December 2018. In relation to the cash flow statement, the cash flow from operating activities has been restated in relation to trade and other receivables and the cash flows used in financing activities has been restated in relation to proceeds from bank borrowings by €1.2m respectively. The prior year adjustment has a net impact of nil on the net assets. It also has no impact on the consolidated statement of comprehensive income.

Subsequent to the year end, the Directors have agreed a new factoring without recourse arrangement with Bankia. The new agreed terms and conditions for this facility are designed to allow it to meet the requirements of IFRS 9 for factoring without recourse.