



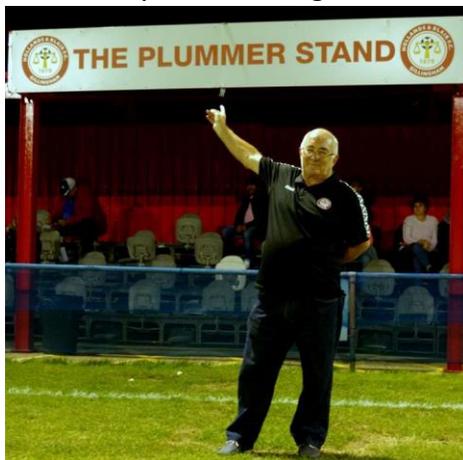
GILLINGHAM FOOTBALL CLUB LTD

Dear Fellow Supporters,

26th March 2021

Before I begin what is going to be a somewhat lengthy overview of your Club and the many issues that I have been forced to deal with over the past 12 months, and indeed will be dealing with going forward, I'd like to send the good wishes of myself, my Co -Director Mike Quarrington, Steve Evans, Paul Raynor, the players, coaching and ground staff, the administration and banqueting staff and all the staff and students at the GFC School to all and every one of you in these extraordinary and challenging times and, above all, we hope you have managed to stay in good health and have been able to find a pathway through this covid pandemic, which I know has been so painful for so many, and devastating for some who have lost loved ones, either naturally, through illness or to this unforgiving virus.

We, as a Club, have lost many friends, individuals that have worked alongside us, friends that have given lifelong support to the club, people I personally trusted and relied upon for good advice and support when needed, and people I didn't know but knew were with us as supporters and cared passionately about the welfare of this fantastic and historic institution of some 128 years standing.



Amongst our closest friends our dear friend and Associate Director Yvonne Paulley died at the start of the pandemic last March from natural causes, Yvonne was a huge supporter of the Club and we all miss her very much. We hope her husband Dennis will be back at Priestfield with us when allowed, and as previously reported our Academy Administrator **Laurence Plummer (pictured)** died from covid last November, his wife Shirley and family are very much in our thoughts.

As A Club, we would like to pay individual tribute to those we have lost since 29th February last year, we obviously have details of many of our 'family' now passed, however I would be grateful to receive details of any supporters that are sadly no longer with us so we can include them in whatever tribute we decide to make going forward. We will write further with our thoughts on an appropriate way to honour our friends, but if you have any thoughts yourselves or have details of those you'd like included let us know so we can consider, emails please to enquiries@priestfield.com.

It's really quite hard to believe that it's just over a year ago on Friday 13th March 2020, the day prior to our scheduled home fixture against Fleetwood Town on Sat 14th March and just 7 days after our fantastic performance and draw away at Sunderland, that I was forced to make that decision and send everyone home from Priestfield Stadium, cancel the game the following day, lock up the building and take the walk into the unknown, alongside everyone else in the UK, and in most cases alongside everyone else in the World, a day that will forever be etched in the tablets of history. This action was followed by the Prime Minister ordering a 'stay at home' directive on 23rd March, and from then on the lives and daily routines we had lived with changed for practically everyone.



Little did any of us know then, that our home game against AFC Wimbledon on 29th February 2020 would be our last for a considerable time whereby our family of supporters could be part of the action, nor that football, along with most businesses in the sporting, food and beverage and entertainment sectors, would suffer such financial hardship and be forced to effectively close down with futures uncertain.

Like, I am sure, most people in the World, my life changed from that day,

my thought process changed from that day, my actions changed from that day and in the days and months that followed, my entire mindset changed and with more time working from home it allowed me the time to re-evaluate everyday matters, to reconsider the business we are in, the people with whom I work, the way we worked, the industry in which we worked, our supporters, customers and sponsors, (whose long term support allowed us to run the business), and I questioned whether the football industry, and industry in general for that matter, was ever going to return in the same way.

Was the way ahead going to be as was in the past, or was it time to take a reality check and look towards a better, more sustainable future, a future where we all reflected on our past and decided how we wanted to go forwards in the future, or did we want everything to just be the same after covid, even if it could be, as it had always been?

Did we want the future, and more precisely our future in football, to have the same challenges, stresses, battles, struggles and issues that have been prevalent for the last 15 years or so, mostly caused by financial imbalance, or could there be a different way forward, a kind of football re-set, a way forward that embraced more understanding of the business and Club we support, a more level playing field, not one based on personal wealth only, more focus on what

we all wanted to achieve, greater consideration between us all and for each other, more charity to everyone, deeper compassion and above all a greater togetherness and understanding from our family of followers; a togetherness that would be focused on the welfare of the business and the Club in particular as well as a togetherness with each other, a togetherness that supported our battles on the pitch, everyone pulling in the same direction.

For me personally, the answer is simple, and if anything which could be described as 'good' has come out of the past 12 months, I guess it is the realization that change is necessary, and will ultimately be for the good, it is the only way Clubs like GFC will have a sustainable future.

In this '**Lost Year**', we have mostly all had the experience of considerably more time away from what has been our habitual way of life, certainly in my case I have never had so much time away from my principle place of work since I started working many years ago. I have never been



outside my comfort zone of 3/4 weeks holiday a year, 10/12 hour working days, Saturdays at football matches, travelling the length and breadth of the UK, getting on regular flights to far away places for business meetings, time away from my children, constant tiredness and jet lag, along with the pressures and stress caused by trying to deliver on the aspirations of myself and of our supporters, stress caused by external

factors such as the constant rhetoric of those that use social media irresponsibly, maliciously or secretly, and stress caused by trying to balance our hard earned income and cash between our creditors, that is required to keep the business trading and expenditure on salaries and operational overheads.

Salaries are always under challenge and scrutiny from a variety of sources, particularly playing salaries, due to our overriding desire for greater success on the field of play and the belief by some that by spending more we guarantee that success, which is not always the case. Salaries are mostly at the centre of discussion, and are often ridiculed by those with little understanding of the economics of the running of a football club, often with a degree of nonchalance, often measured against other Clubs in our division or the EFL generally, but we must all accept at GFC that there are Clubs in our division and particularly in the Championship that enjoy extraordinary wealth, owner personal funding or overseas wealth bought to our shores by International investors, the likes of whom, whilst welcomed by football families throughout the UK, have inadvertently distorted the football map over the past 15 years, and made competition between Clubs far from 'a level playing field'.

It is not the fault of the investors we are in this position, but the football industry has been unable thus far to implement workable cost controls which are fair, appropriate and sustainable, based on a percentage of turnover, and in recent times these cost control measures such as salary capping for each division, which the EFL Clubs wanted and voted to introduce, have been challenged and effectively 'rubbished' by the PFA, (Professional Footballers Association), who themselves need to take a reality check given their members, (our players), rely on all Clubs in football to give them employment and pay their wages, and it is therefore in everyone's interests that Clubs survive and prosper, but in a manageable financial model that works, and significantly is based on true football incomes and not necessarily unbalanced by the wealth of an individual.

If we don't as an industry resolve this problem, which is concerning every Club in professional football, then our Clubs will end up being the play things of the World's wealthiest, and football in this Country as we know it will change dramatically.

The challenges, therefore, faced by Clubs like our own, are even more difficult in these times, and I think at times almost impossible.

That said, the taste of success against this unbalanced and mostly unsustainable current financial model,

in whichever form it comes, is also sweeter and is what makes our business extra special. I guess the fact that between us all at GFC we have managed to thus far ride out this Covid storm and the well-publicized financial problems it has delivered to us, and managed to maintain a significant level of footballing success on the field of play is somewhat remarkable.

It's a great credit to all that have played their part, not just from within the Club where the effort this season has been remarkable against a difficult background, and therefore a great credit to Steve and everyone involved, but the contribution of our supporters, sponsors and suppliers who have stood shoulder to shoulder and done everything within their power to keep the 'ship' afloat, has been fantastic, when under normal circumstances it would probably have been impossible given the many problems we, and in many cases they, have faced.

I'd like to also add our thanks to all involved in helping match days take place here at Priestfield, especially ground staff, stewards, medics, photographers, and safety personnel, without whom we could not have achieved these games.



To enable us to go forward, we need to understand and remind ourselves of what it means to be a supporter, why are we supporters and what does it mean to us.

It seems to me that in football there are three different types of 'interested' parties, probably all Clubs would have the same type of 'interest'.

1/ The definition of a supporter if googled is, amongst others, **'a person who is actively interested in, and wishes success for a particular sports team'**

I think those of us that class ourselves as true supporters of GFC will agree with this.

2/ There are also individuals that will say they are supporters, and who may well in some way care about the Club, who actually act or behave in a way that can be

damaging to the Club and/or the business, therefore, by definition, can they truly be supporters?

3/ Finally there are individuals that sadly act in a way that is damaging to the Club and Business, they purport to be supporters but their actions and behaviour prove they care little about the Club or those that rely on the Club for their living or their pleasure. These are the individuals who cause most damage and unrest to the Club and its true supporters.

I talk about the meaning of being a supporter because during **'The Lost Year'** I have thought long and hard about the way forward, what will the 'ship' that sails (when it sails) feel like, how will it behave, what can it achieve, what will be its destiny, who will be onboard, what rules does it sail under, what do those onboard want to see in terms of conduct, how do they see their own position?

Since mid- May, myself and a volunteer team of supporters and staff have been working constantly, under covid protocols, often in isolation, to look at every facet of our 'ship' and I'm sorry if it's an old analogy I use referring to our Club as a ship, but it kind of works.

We have lightened the load, clearing literally tons of paperwork, waste, timber, documents etc from every area of the Club, myself and our senior staff have examined and challenged every area of our Business, the manner in which we trade, our staff responsibilities, our procedures, our policies, our systems and we have re focused on our potential and where we believe we can take the Club.



We have refurbished areas that had almost without our notice fallen below standards, new changing rooms, staff lounge, built a new 50 -seater lecture theatre, rebuilt the main and ancillary kitchens and completely renovated our training pitches with a new irrigation system, at a cost of around £100k, albeit and fortunately we didn't have to find the majority of this cost from our own cash recourses.

There are more areas we are still looking at and in time, and as income allows, these too will be altered, but above all we have challenged our thought process about the way we wish to go forward, and we now have a much clearer path and vision we intend to follow.



As an example, we launched our new 'online' shop for Xmas, this took a lot of work over a few months with limited staff but we achieved it and will further develop and promote same in the following months along with our partners and suppliers. Our current retail shop in Redfern

Avenue will close shortly, we will open matchday units round the ground when fans can return but we will generally market and drive retail sales 'online' in future.

Clearly the 'Lost Year' has showed us all what online shopping is really about and I'm now used to Amazon vans rolling up my drive, as I'm certain would be the case for everyone, therefore the space we will free up by closing our shop unit will be better used in other areas, notably the development of The GFC School.

We are about to sign a contract for a new ticketing system, web based and very user friendly, this will accompany a new access control system for entering the Stadium allowing far greater flexibility and better user experience. The CRM system linked to the ticketing system will allow us to better communicate with our supporters, and with the launch of our new Supporter Clubs will allow us to develop our procedures to find fans of the future, and better interact with those we currently work with.



In regards our supporter clubs, we will have five bands for under 18's, and four adult clubs for individuals. The adult clubs will be tiered, they will be known as follows:

- The 1893 Bronze Club
- The 1893 Silver Club
- The 1893 Gold Club
- The 1893 Platinum Club

There will be a basic membership fee for the 1893 bronze club, but membership of the three other tiers will be earned and membership cannot be purchased. We are just working up the detail on these and the under 18 clubs and will launch these asap. Clearly the higher tier membership you achieve, the better the benefits, I really think this concept will allow us greater interaction with our supporters, reward those that earn most benefits and allow us to have a better understanding of who our fans are, and tailor packages to their needs more easily going forward. The CRM facility within our ticketing system will manage this process.

Once launched, we will be heavily engaging with, firstly our local schools and educational establishments in Medway, and then moving outwards into Kent. We will have some very exciting offers for new members of all ages and will use these clubs to drive new fans and increase attendances at Priestfield over the coming years.

We will also be launching a business club along similar lines when we are fully back to full trading but focused more on B to B; we believe this will be a huge benefit to our business community in Kent, focused very much on getting Medway and Kent business back to some form of normality, we will use our facilities here at Priestfield as a hub for the benefit of all.

As you would all expect from a business in survival mode, we have managed to do the stadium and training ground works generally by calling on sponsors, supporters, friends and suppliers, and without using too much cash which we have tried to preserve to allow us to continue trading for as long as possible.

I'd like to place on record my sincere thanks to everyone who has assisted in these works, we owe you all our thanks and gratitude, without you this would not have been possible, and



special thanks must go to Damien South, Chairman of **Bauvill** and one of our Executive Box Holders, and his hard working staff, who carried out most of the stadium refurbishment, and to Colin Jarvis (**pictured**), Chairman of **MEMS**, our main sponsors, for coming to our aid with his ongoing sponsorship of the Club. Thank you also to all our other sponsors and those that paid for their ground advertising boards and other products for their continued support and understanding, we won't forget.

Financially, whilst every day is very difficult, we are still trading and expect to finish the season at the very least. To say this past year has been my most difficult ever would be an understatement, and each day that has passed has been a worry from the moment I wake, until

the moment I sleep, and I rarely sleep all night because my mind is always turning over with the issues and challenges ahead.

It is important you all understand where we are financially, because I have no doubt every supporter wants to look forward to returning to Priestfield at some stage and watching their team playing live football again. It really has been no fun watching games without fans, but I must add the attitude of the team management and players has been top class in very tricky circumstances. That said, the job of trying to raise enough income to cover our necessary costs has not been easy, and continues to test us all.

The single and most important factor we have focused on is how we can keep the Club going, that has been our constant driver.

You will all be aware that our last matchday income was on 29th February 2020, we also had a large number of banqueting events, weddings, Xmas parties and other functions booked or forecast to be booked for the calendar year to December last, all of which were cancelled, as were bookings we had in the diary for this year, our lost income in this area alone would be in the region of £1.5m for the 12 month period.



We are currently not taking any bookings for The Great Hall or Priestfield until we have clarity from the Government on the future ahead. Likewise, “The Factory” has been closed in line with The Great Hall, so much of our supporting income we have previously enjoyed has simply disappeared, lost income from “The Factory” would be in the region of £500k.

Due to the issues, penalties and costs related to not playing football insofar as our broadcasting contracts are concerned, (I was

told SKY alone were losing £4m per day in the early days of Covid), it was essential we made every effort to play our league games this season, and complete the season. To do this we were forced to streamline the Club to reduce rapidly our costs and lose facilities and projects that were important to the business but didn't generate any significant income, we hope we will return to these projects in the future. Some staff were furloughed, some staff were made redundant, some staff left, but the effect was that our wage bill had to, and did decrease. We also worked hard with creditors and deferred many payments going forward to assist our cash flow.



Our efforts to come to an arrangement with our playing staff at the start of the pandemic were scammed by their union, the PFA, who only allowed their members to take wage deferrals as opposed to wage cuts, such deferrals we will need to pay back to the relevant players once full crowds return.

I might add our own players and management were very supportive of the Club and, I place no blame on them for the actions of the PFA, this was a National issue which has affected all professional clubs.

Other team management and staff took wage pay cuts to help out, for which we are very grateful. Our budget for players and management remains as previous seasons at around £2.6m, which as I said previously is about right for a sustainable Club with a normal turnover of between £5m and £7m. This year's turnover will not be at that level for obvious reasons, but we have maintained that level of cost.

I have heard and seen comment that our wage bill is the lowest in League One, whether that is true or not I frankly don't know, nor care, but what I do care about is keeping this Club trading and around for years to come, long after I have departed, and as I have already mentioned, our level of investment in our team is totally correct based on a sustainable business at the level of income we would normally achieve.

Those that spend disproportionately to their natural football profitability, and are shored up by external or owner funding, do not guarantee themselves success, Bristol Rovers in our division, and after three managers already this season alone, are a prime example of this point, and there are many others.



On the matter of Bristol Rovers, we will be having an Independent football tribunal in relation to their registration of Brandon Hanlan last August. Bristol Rovers offered a derisory £50k for Brandon, which we obviously rejected, so the matter will be determined by tribunal at some stage soon. I will update you on the outcome.

There has been much publicity from Government regarding different support and assistance schemes for sport and the hospitality business from agencies and/or banks, frankly words and actions have been miles apart and we have been unable to access any of these funds thus far, albeit the government furlough scheme has greatly assisted our efforts.

We have still had stadium and essential staff costs to contend with in addition to our playing costs, insurances, maintenance, utilities etc, which we continue to pay. We have a liability to HMRC of about £700k for the period when Government allowed us to defer payments in early covid days, we are up to date with current HMRC payments and continue to make these on a

monthly basis but we have yet to agree a repayment plan for the deferred amount, but hope we can achieve something appropriate very shortly.

What I find strange regarding HMRC is that the Government allowed a deferment period, but our income has still not started from that time, and with no fans allowed back into stadia nothing has changed, yet HMRC are insisting on repayment of arrears, how do the Government expect us to fund that?

In terms of income, we receive our TV and EFL distribution monies at £1.5m per annum, our Youth Development money which covers direct costs and shows no profit, and to date we have taken an EFL loan of £182k, repayable over three years, a Premier League grant of circa £410k non repayable, an insurance payout we are yet to receive of £100k for loss of income and we have applied to the EFL for a loan from the Premier League pot of £20m they have granted to



League One and Two Clubs, we don't know yet if we will receive all, or any, of that applied for.

Finally, we were blessed with Season Ticket sales from around 1650 supporters, who purchased before lockdown in the few days we were actually on sale. Their contribution which totalled around £440k for this year, and £115k for those that bought two year deals has been invaluable to us reaching this point and we are

extremely grateful for their support, not just financially but in the fact they have understood the plight of the Club and, with a couple of exceptions, have not pressured us for a return of their money or an immediate solution, which had they done so would have put the Club in an extremely perilous state.

I will be writing to those Season Ticket holders regarding a way forward for their consideration. It is not a matter we have taken lightly but there is no easy solution if we are to achieve our survival plan.

It is for our Season Ticket holders, and really only they, as to how they feel it best to proceed, but whilst to reduce and offset the financial burden we were able to give those 1650 season ticket holders iFollow access to enable them to watch live home games at a value of £10 per game, I fully realize that is not quite the same as watching in the flesh, so to speak.

I am also conscious, because we have had numerous contact from, and indeed bookings from, supporters that wanted to also renew their season tickets for this season but were unable to do so given the problem with our previous ticketing platform company, as mentioned in one of my previous letters, that whilst they do not currently have funds with the Club, we acknowledge

their commitment and support from last season and will also be liaising with them on separate matters.

Knowing generally the make-up of the majority of our Season Ticket holders, and based on the numerous e-mails and offers of support we have received, I am confident we will find a solution that works for everyone.



I also realize there is the issue of the games Season Ticket holders missed at the tail end of last season to deal with. Given the above you will understand hopefully the challenges we have, and I'm grateful to all those that have written or called and have effectively donated and written off those games. There is a legal position, and there is a moral position, I guess there is also a practical position. In any event we will come up with some ideas to deal with this problem very shortly.

Finally, I want to talk about another very topical matter right now, the issue of social media and abuse of individuals, not just racial abuse which is bad enough, but general abuse aimed at all kinds of individuals, the effect that abuse has on those on the receiving end and their loved ones, and my position as your Chairman on those that either openly abuse, or secretly hide behind false identities and abuse, insofar as it affects either our football club, the business of the football club, and/or anyone connected to the Club.

I believe, given the many angry fans that have expressed their displeasure over the past at personal abuse aimed at either myself, or staff at the Club, that my actions in dealing with the problem at GFC will be welcomed by most, if not all fans, and I touched on this earlier in this document.

I have long taken the view to generally ignore these individuals, however over the past year I have had time to look deeper into some of the forums these people frequent, and I have built up a portfolio on certain individuals who post regularly, a number of whom I have crossed paths with previously, but a number who are new to me.

I have no issue with football banter, and indeed I welcome debate which is normal for football loving people; I don't expect people to always agree with decisions I make, the manager makes, the club makes, or indeed to agree with each other, that's what makes football the interesting and exciting business we all love and care about, but what I have found extraordinary during lock down, and indeed intend to take a stand on, in times the likes of which we have never

experienced in our lifetimes, save for our older supporters who may have had war time memories, in times of great pain and loss where families have been devastated with the virus which has engulfed us in times of great financial hardship which the virus has caused us, in times of great mental strain where people have, and continue to struggle on a daily basis in how best to get through, in times where so many people have risen to the challenge and gone beyond that extra mile and helped each other, in these times these mindless, heartless, cowardly individuals have continued to peddle their abuse, lies and vitriol as if nothing is different, and they appear immune to the damage and pain their abuse can and probably has caused to a number of people.

I do not profess my actions will in any way solve this National problem, however I have been through my own challenges this past 12 months, challenges which would test the most resilient amongst us all, challenges which will remain private but have pushed me at every turn, challenges that at times have probably tested my own mental health, and for this reason I have decided I will not ignore these individuals any more, therefore I will continue to monitor, and have monitored, all sites and forums relevant and along with those that care about this football club and whom share my views, will identify, and if necessary take action against all or any individuals that personally abuse, make derogatory comments to or about any member of the Club, try to, or actually do damage by their comments to the Club or anyone connected to the Club, publishes or shares information on forums or elsewhere which is untrue, malicious, vindictive or confidential or behave in a way that is aimed at damaging, or could be damaging to the Club and/or business.

I am not on a witch hunt, I wouldn't waste my time on these individuals normally, but we are not in normal times, equally I will no longer turn a blind eye and ignore their conduct if their conduct directly or indirectly damages or seeks to damage or affects the integrity and standing of this football club, anyone at the Club, or indirectly connected to the Club.

These people will be 'red carded' and removed from any standing or data base within the Club. Based on my definition of supporters, these people are simply not supporters and our fans should be aware of this point, and who these people are.

We will make their names known to our supporters and sponsors so they will know who to avoid when engaging in normal banter on forums or other places.



It is pointless the staff at GFC working hard in the Community to build a growing and additional fan base of young school aged children, whom, based on my experience of my own children, use social media from the moment they wake every day, to the moment they sleep. If these children are often guided by, or misguided by what they read or hear, therefore if what they read is untrue, distorted, malicious or damaging, it is hardly surprising the effect on them will be unfairly negative. This is not what we want going forward.

Positivity is the only emotion that keeps us going, it drives our thoughts, actions, beliefs, ambitions and aspirations, there can be no place in our World for negativity.

To be honest, life watching football has been so difficult without the family of football in the stadium, it doesn't feel right and although I'm aware most fans have been watching the games streamed, there is simply nothing like everyone being in the stadium and cheering on the boys. Personal wellbeing must of course take priority and I simply pray every day that it won't be long until we can all be back together, what a fantastic time that will be, a real party!

In the meantime, we should look at the positives, we are still in business, we are in better shape than some but have a battle ahead to keep everything in line, we need to be firm, fair and resilient and above all we need to keep supporting Steve and the players who are playing out of their skins for us week in week out and doing everything they can to play their part on the pitch for us all. We have achieved our first priority of each season, safety in League One, now we will try and achieve our second objective, and with nine games still to play we will fight on together.

Your Club is in good hands, we are light on numbers so please be patient for the immediate future but be assured we are working every hour possible to find new income sources. I continue to talk to potential investment opportunities so that the burden can be shared, and you have my promise that we will do everything possible to keep football playing at your Club.

If we have learnt anything from **'The Lost Year'** we have certainly learnt the value of togetherness and compassion. We have also reinforced our understanding of the value to our communities of football here in Medway and Kent, and we realise fully our responsibility to all stakeholders in ensuring a healthy future. We believe in the future of Medway and want to see Medway develop in the bigger picture, as such we are fully engaged with the local authority and assisting with any initiatives and projects that take us all forward.



Hopefully it will not be too long before we can all be together again watching the team we love and care about. I can only say at this stage I have no idea when that will be, that decision will be made by others and obviously depend on how this pandemic develops over the next few months, but I hope and pray some normality will come back into our lives and businesses

within the next six months, and we can welcome some, if not all supporters, back into Priestfield.

Until then stay safe, I'm sorry this document is long, but I felt it important all supporters, sponsors and friends were brought up to date on where we are right now as a Club, as a business and as a group of people.

I hope you have found the above of benefit and I welcome any feedback, ideas or suggestions from all sources.

Best Wishes

Up the Gills!

A handwritten signature in black ink, appearing to read 'Paul D P Scally'. The signature is stylized with large, overlapping loops and a prominent initial 'P'.

Paul D P Scally
Chairman