GAMES WORKSHOP GROUP PLC

Annual report 2018

FINANCIAL HIGHLIGHTS

	2018	2017
	£000	£000
Revenue	**219,868**	158,114
Revenue at constant currency*	**222,594**	158,114
Operating profit - pre-royalties receivable	**64,702**	30,832
Royalties receivable	**9,893**	7,491
Operating profit	**74,595**	38,323
Profit before taxation	**74,546**	38,403
Cash generated from operations	**82,332**	49,370
Earnings per share	**185.0p**	95.1p
Dividends per share declared in the year	**126p**	74p

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*Constant currency revenue is calculated by comparing results in the underlying currencies for 2018 and 2017, both converted at the 2017 average exchange rates as set out on page 11.

CHAIRMAN'S STATEMENT

This is my first statement as non-executive chairman of Games Workshop Group PLC: I was appointed on the retirement of Tom Kirby at our shareholders' meeting in September 2017.

Not an easy act to follow: Tom has been the embodiment of the Company since its management buy-out in 1991. Tom's preambles to the Games Workshop annual report in the past bear witness to his love of Games Workshop, his extensive business experience and his wide-ranging perspective: I would not presume to try and imitate these statements. On behalf of everyone involved in any way in Games Workshop, thank you, Tom, for your contribution over so many years.

Our financial year ended 3 June 2018 was a great year for Games Workshop, building on the strong performance achieved in 2016/17. Your board believes that the Company has achieved a new order of magnitude, driven by the strategy devised and implemented by our CEO, Kevin Rountree. As Kev describes in his report later in this annual report, the growth achieved over the last two financial years and our outlook have encouraged us to put in place for the first time plans to increase our production facilities in Nottingham to enable us to service better the demand for our products worldwide.

Kev will describe other initiatives we have underway in his report.

The core of our strategy remains unchanged: to design, manufacture and sell wonderful models and games for our existing hobbyists/customers, and to recruit and retain new customers excited by our Warhammer worlds. The appetite for our products - in many countries around the world - is strong and has been growing well recently. We believe that our efforts on ever better customer service, supported by appropriate digital marketing, have been received positively.

Mindful in particular of our recent - and notable - growth, your board is taking care to remain alert to the business risks we face every day. Achieving, and maintaining, unprecedented (for us) levels of growth present many new issues which we must address. Not least is the need to invest continually in product design, development and manufacturing capacity, as noted above.

Your board remains focused on running Games Workshop as well as we can for the long term: our share price must look after itself. On this front I should mention that I'm aware of a few comments regarding the Company's nomination for certain investment awards over the past year and our not attending the related events. We're not trying to be disrespectful here, it's simply that we're more focused on the future and opportunities for further improvement rather than on our past performance.

Our AGM this year will be different from those in recent years: it will focus purely on normal AGM business. The opportunity for investors to meet and engage with all board members will, of course, continue.

On the subject of the long term, part of my responsibilities as chairman include leading a review of the composition of the Company's board and to set in motion a process to appoint new non-executive directors of the Company (some of us, myself included, have been around for quite a time). Our aim is to add skills and experience which should be of help in maintaining and building upon our new position as a business with sales of £200m+. We set in motion this process in October 2017. Finding the right people - people with the relevant skills who 'fit' with Games Workshop - takes time but I am pleased to inform you that John Brewis was appointed to the board in June this year; John's background is described later in this annual report. In 2019, Chris Myatt, our senior independent director, will step down. We will start the search for his successor later this year.

I have three enjoyable responsibilities to discharge before concluding this statement:

- firstly, to thank our executive directors and the Games Workshop team as a whole for achieving such success this year (and last year) – and to encourage them to keep it up! The performance of the team in responding so well to our rapid growth, overcoming challenges in our performance in recent years, has been fantastic.

- secondly, to thank our loyal customers: we will do our best to continue to produce wonderful models and games for you.

- thirdly, to encourage our shareholders to attend our AGM/shareholders' meeting on 19 September 2018: we look forward to seeing you there.

With thanks, and best wishes.

Nick Donaldson
Non-executive chairman
30 July 2018

STRATEGIC REPORT

Strategy and objectives

Games Workshop is committed to making the Warhammer Hobby and our business ever better.

Our ambitions remain clear: to make the best fantasy miniatures in the world, to engage and inspire our customers, and to sell our products globally at a profit. We intend to do this forever. Our decisions are focused on long-term success, not short-term gains.

Let me go through our strategy part by part:

The first element - we make high quality miniatures. We understand that what we make is not for everyone, so to recruit and re-recruit customers we are absolutely focused on making our models the best in the world. In order to continue to do that forever and to deliver a decent return to our owners, we sell them for the price that we believe the investment we have made in quality is worth.

The second element is that we make fantasy miniatures based in our endless, imaginary worlds. This gives us control over the imagery and styles we use and ownership of the intellectual property (IP). Aside from our core business, we are constantly looking to grow our royalty income from opportunities to use our IP in other markets.

The third element is that we are customer focused. We talk to our customers. We aim to communicate in an open, fun way. Whoever and wherever our customers are, and in whichever way they want to engage with Warhammer, we will do our utmost to support them.

The fourth element is the global nature of our business. We seek out our customers all over the world. We believe that our customers carry our Hobby gene and to find them we apply our tried and tested approach of recruiting customers in our own stores, by offering a fantastic customer experience. Our retail business is supported by our own online store (it has the full range of our product) and our independent stockist and trade accounts across the world. These independent accounts do a great job supporting our customers in parts of the world where we either have not yet opened one of our stores or where it is not commercially viable for us to have one. Our long term goal is to have all three channels (retail, trade and online) growing in harmony. We will always have more independent accounts than our own stores. Our strategy is to grow our business through geographic spread, growing all of the three complementary channels.

The fifth element is being focused on cash. By delivering a good cash return every year we can continue to innovate, surprise and delight our loyal existing customers and new customers with great product. To be around forever we also need to invest in both long term capital and short term maintenance projects every year, pay our staff what they have earned for the value they contribute and deliver surplus cash to our shareholders. Our dedication and focus should ensure we deliver on time and within our agreed cash limits.

We measure our long-term success by seeking a high return on investment. In the short term, we measure our success on our ability to grow sales whilst maintaining our core business operating profit margin at current levels. The way we go about implementing this strategy is to recruit the best staff we can by looking for the appropriate attitudes and behaviour each job we do requires and identifying the value that job brings. It is also important that everyone we employ has a real desire to learn the skills needed to do their job and has a great attitude to change. We offer all of our staff both personal development and management skills training.

We continue to believe there are great opportunities for growth, particularly in North America, Germany and Asia.

Our brands
We have originated and are in control of a number of strong, globally recognised brands with their own identities, associations and logos.

Our consumer facing brand is ‘Warhammer’.

We design, make and sell products under a number of brands and sub brands, which denote setting, tone and product type, the key ones being:

- Warhammer: Age of Sigmar - our unique fantasy setting.
- Warhammer 40,000 - our most popular and recognisable brand is a space fantasy setting.
- Horus Heresy - an off shoot of Warhammer 40,000, the Horus Heresy is presented as ‘fictional history’ of that universe.

We believe our IP to be among the best in the world.

The Warhammer settings are incredibly rich and evocative backdrops. They’re populated by more than three decades of fantastical characters and comprise of thousands of exciting narratives. Going forward, we want to make it easier than ever for people to engage with and immerse themselves in our IP. To that end, I have a small, senior team to help me find new partners to help us bring the worlds of Warhammer to life like never before. Together, we’ll explore animation, live action and more, while ensuring we do no harm to our core miniatures business.

Business model and structure

We design, manufacture, distribute and sell our fantasy miniatures and related products. These are fantasy miniatures from our own Warhammer 40,000 and Warhammer: Age of Sigmar universes. Our factory, main distribution centre and back office support functions are all based in Nottingham. We are an international business centrally run from our HQ in Nottingham, with 76% of our sales coming from outside the UK.

Design
Employing 214 people, the design studio in Nottingham creates all the IP and the miniatures, artwork, games and publications that we sell. In 2017/18 we invested £8.9 million in the studio (including software costs) with a further £3.1 million spent on tooling for new plastic miniatures. We are committed to investing in these areas at an appropriate level every year.

Our product
We design all of our products at our HQ in Nottingham, with studios of specialist staff dedicated to each element of our offer. Our miniatures studio concepts and sculpts all of our Warhammer: Age of Sigmar and Warhammer 40,000 models. The book and box game studio creates all the art, background and rules to support these models. Finally, our specialist systems design studio is responsible for all aspects of our standalone systems e.g. Blood Bowl, Necromunda.

All of our plastic miniatures are from the Citadel Miniatures studio, and carry this logo:

CITADEL

All of our resin models carry this logo:

Forge World

From design to manufacture we are really proud of our products, and these logos are our quality seals.

Alongside these studios, we have two more specialist studios: Black Library and hobby products.

Our publishing studio, Black Library, produces a range of novels, short stories and audios set in the worlds of Warhammer, allowing readers to immerse themselves in the richness of our IP.

The hobby products studio makes some of the best paint and tabletop miniatures support product in the world. Our Citadel paint range and its revolutionary system are used the world over - and for painting more than just Warhammer!

Manufacture
We are proud to manufacture our product in Nottingham. It's where we started and where we intend to stay. We are currently expanding the facility to ensure we can make all of the models we need. We are also working on a significant project, to upgrade our core IT systems that interface with our manufacturing and warehouse systems.

Distribute
All of our product is initially distributed from our warehouse facility in Nottingham. This facility supplies our two hubs in Memphis, Tennessee and Sydney, Australia, and then directly to our trade accounts and retail stores. Our project to upgrade the IT infrastructure and software for the warehouse that supports our online store, based in Nottingham, was delivered in September 2017.

Sell
We sell via three channels, our own stores ‘Retail’, third party independent retailers ‘Trade’ and our online store. We also ‘sell’ or rather generate income, via our licensing partners. We support these channels and activities via our marketing team.

Retail - provides the focus for the Warhammer Hobby in their areas. Our stores only stock Games Workshop product. They are where we recruit the majority of our new customers. To do so the stores don't offer the full range of our product, only new release product and the appropriate extended range. At the year end we had 489 Games Workshop stores in 23 countries. Our stores contributed 37% of the year's sales. We have 379 one man stores, small sites, each one staffed by only one store manager. We also have 110 multi-man stores, which are constantly reviewed to ensure they remain profitable. If not, they will be closed and probably replaced with one man stores.

Business model and structure continued

Sell continued

Trade - we sell to third party retailers under closely controlled terms and conditions. They help us sell our products around the world and importantly in areas where we don't have our own stores. Independent retailers are an integral part of our business model; Games Workshop strives to support those outlets which help to build the Warhammer Hobby community in their local area. The bulk of these sales are made via our telesales teams based in Memphis and Nottingham. We also have small telesales teams in Sydney, Tokyo, Shanghai, Singapore, Hong Kong and Kuala Lumpur. In 2017/18 we had 4,100 independent retailers (2017: 3,900) in 66 countries. We strive to deliver excellent service, operating in 21 languages covering all time zones. 43% of our sales came from sales to independent retailers in the year reported.

Online - accounted for 20% of total sales in 2017/18, this includes our online store, games-workshop.com which allows everyone the world over full access to all Games Workshop product. All of our stores also have a web store terminal that allows our customers shopping in our retail stores access to the full range. It is run centrally from Nottingham.

Licensing - we grant licences to a number of carefully chosen partners. This allows us to leverage our IP to broaden the presence and brand exposure of Warhammer around the world, often entering new markets such as board games, apparel or accessories. It also allows us to generate additional income, currently principally from computer games sales in North America, the UK and Continental Europe.

Marketing - keeps us customer focused. This team acts as the bridge between our other business areas, ensuring we have a joined up approach between product (design to manufacture) and sales. Marketing spends a lot of time listening and developing a two way dialogue with our customers to make sure we keep their needs at the forefront, championing the Warhammer Hobby around the globe and injecting our content and communications with a real sense of passion and fun.

Structure

We control the business centrally from Nottingham; it is where the people with experience and knowledge of running our business work. I have put in place a flat structure: the people with senior responsibility who make all of the big decisions report directly to me. My team is split into seven parts: design to manufacture, sales, merchandising and logistics, marketing, operations and support, systems and IP exploitation.

We have a global head of design and manufacturing who is responsible for our factory and design studios (miniatures, book and box games, specialist systems, hobby product and Black Library).

Our channel sales structure comprises retail, trade and online. This structure is made up of four key territory retail sales managers in the UK, North America, Continental Europe, and Australia and New Zealand. We also have a global head of trade and a global head of online along with a sales manager for Asia. A global head of digital and community marketing and a global head of merchandising and logistics support our sales channels with appropriate internal and external communication. The global head of merchandising and logistics also manages our three main distribution hubs in Nottingham, Memphis and Sydney.

Our operations and support structure includes a finance director for Games Workshop who is responsible for accounts, compliance, licensing and legal duties. A personnel manager and a personal development manager ensure we take our people recruitment and development seriously. Our global head of IT ensures we invest in our core systems as well as consider how we can leverage technology to help us deliver our long-term goals.

Key performance indicators

The board and management team use a number of key performance indicators to provide a consistent method of analysing performance, in addition to allowing the board to benchmark performance against our forecast. The key performance indicators utilised by the board can be split into key financial performance indicators and key non-financial performance indicators.

Our key financial performance indicators are:

Moving Annual Total ('MAT') sales growth by channel
Measures the sales growth achieved in each of our channels on a rolling 12 month basis: see page 9.

MAT Group gross margin
Measures the gross profit achieved on sales after taking account of the direct costs and depreciation of manufacturing equipment and shipping our product to customers/stores on a rolling 12 month basis: see page 7.

Year to date core business operating profit percentage
The ratio of core business operating profit before royalty income against revenue, as a percentage: see page 6.

MAT core business profit
Measures gross profit less operating expenses on a 12 month rolling basis, before royalty income: see page 9.

Number of own stores by territory
Measures the number of our own stores which is an indicator of our global reach: see page 10.

STRATEGIC REPORT continued

Key performance indicators continued
MAT number of ordering stockist accounts by territory
Measures the number of trade outlets that have ordered from us in the last six months. It is an indicator of our global reach and the health of our trade account base: see 'Trade' paragraph on page 5.

Return on capital
The ratio of operating profit before royalty income against capital employed, as a percentage: see page 9.

Our key non-financial performance indicators are:

Product quality
This is an indicator of the effectiveness of our design studio and our continuous improvement in design to manufacture. We measure this by looking at sell through. If the product is great we sell a lot, if not we sell very few.

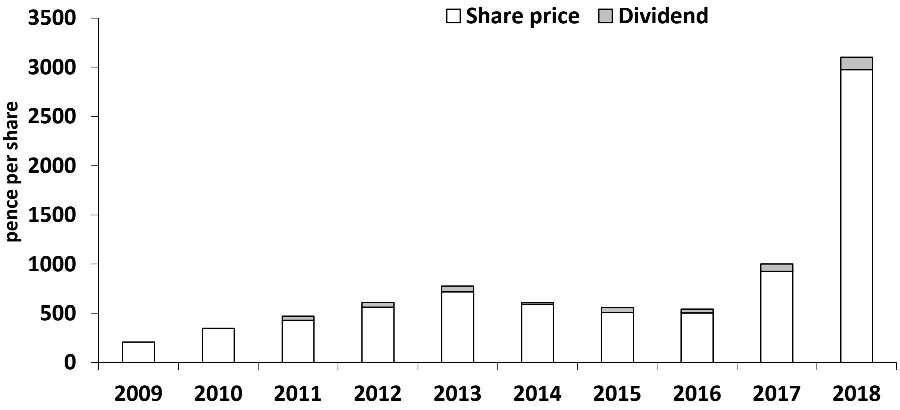
Outstanding customer service
This is an indicator of the effectiveness and efficiency of the service experience customers get in our stores and the time it takes us to resolve a customer query made to our customer service teams. The former is measured by the number of complaints I receive - very few - and the latter by five micro KPIs. Our approach is to treat all customers fairly and to do our utmost to successfully resolve their issues.

Shareholder value

We believe shareholder value is created, primarily, by not destroying it. We have no intention to acquire other companies, nor to dispose of any of those we own.

We return our surplus cash to our owners and try to do so in ever increasing amounts.

Graphs of shareholder value
Shareholder value for this graph is calculated as the price of our shares at year end plus the dividend per share declared in the year.



Review of the year

So far so good, and our feet remain firmly on the ground.

Our business and our Warhammer Hobby are in great shape, the best shape either has been for some time and as we stride in to the year ahead with more energy, ideas and drive, it's clear to me that we're only just getting started. It has been another exciting year building on the progress we have made over the last few years. We have surpassed the expectations which I set the business on appointment in January 2015, so I have set the bar higher: exciting times.

I am pleased to report record constant currency sales, profit, cash generation and returns to shareholders. It has taken a long time to reach £200m+ sales, and at a record 29%+ core operating profit percentage rate, we've proven again we can grow sales, maintain our gross margin and manage our costs at the same time. It also shows clearly our operational gearing. This has only been possible through the hard work and commitment of the entire Games Workshop global team. I'm incredibly thankful for and proud of their efforts - as they should be themselves. Thank you.

Review of the year continued
Our passion for Games Workshop and unwavering focus have delivered profitable sales growth for the second year running across all of our sales channels. There have been no silver bullets, more the relentless pursuit of designing, making and selling an ever better range of Warhammer miniatures. Together, we have remained focused on documenting and executing an exciting global operational plan covering all areas of the business. We've driven improvements in product quality, the number of new products we launch in a year, provided the highest levels of customer service and delivered online content in a tone that's given us and our customers a very broad smile.

We are doing our best to make it sustainable. However, we are now in unchartered waters, doing everything we can to ensure our success is maintained. The challenge of managing global sales volume growth at the same time as delivering a step change in our capacity (not forgetting delivering major IT projects) is, I hope you appreciate, a fair challenge. I've strengthened my senior team, adding broader skills in IT and merchandising and logistics and added over 20 additional heads in operations, support and marketing. It would be unrealistic, if not daft, of me to promise that we can continue to grow at the rates we have reported over the last two years. I am not, however, planning to scale down our ambitions, I am just informing you of the back drop.

Capacity
Manufacturing
We have accelerated our investment in manufacturing capacity during the year as well as improved our logistics and distribution service levels. These will, alongside our investment in people and technology, lay the foundation for future volume growth. In the year we purchased two acres of land at the cost of £1.7 million next to our HQ in Nottingham and later this year will have redeveloped this site to increase our manufacturing capacity as well as improve our R&D capabilities. The total capital cost of this new facility including the purchase of the land will be approximately £9 million.

Our manufacturing investment included doubling the number of plastic injection moulding machines as well as flexing up our average production staffing levels from 143 to 198 at our HQ site in Nottingham. Production payroll costs have increased by £2.0 million to £5.9 million; as a percentage of Group revenue they have increased from 2.5% to 2.7%.

Logistics
In the short term we have increased our warehouse footprint, using a third party location nearby, to enable us to maintain our fill rates and service levels. We are currently recruiting a group logistics manager who, together with our great operational team, will help us document and implement an appropriate warehousing solution at Nottingham, Memphis and Sydney. Total warehousing costs have increased by £2.5 million to £6.7 million, as a percentage of Group revenue they have increased from 2.6% to 3.0%.

Design studios
Our design studios have been at the forefront of our success. We are very proud of the quality of our models, Citadel and Forge World, and the quality seal they represent. In the period we launched a new edition of Warhammer 40,000. The launch month, June 2017, reached new heights for us, which was no real surprise as the models and supporting gaming mechanics were better than ever. In the year, we also continued to surprise and delight our customers with additional specialist games like our bestselling standalone box game Necromunda. Another such title, Adeptus Titanicus, is coming in 2018/19. If 2017/18 wasn't exciting enough, for our Warhammer fantasy fans we launched Warhammer Underworlds, an action-packed combat game for two players. We finished in May 2018 with the announcement of a spectacular relaunch of our Warhammer: Age of Sigmar.

Gross margin declined in the year (2018: 71.4%; 2017: 72.4%), as a direct result of some of the teething problems a step change in volumes brings. It has also been affected by the sales mix of new and existing product - 38% of sales from new releases and 62% of sales from existing product - as well channel mix change. Inventories have increased by £7.7 million to meet the increased sales demand. Stock provision has increased to 1.8% of sales (2017: 0.9%). We continue to offer a broad range of price points and we have maintained our policy of aiming to only increase the prices of our new releases to reflect the necessary investment in our product quality. The annual impact of this increase on our UK RRP price list is an average increase of 3%.

Costs have increased in the year. This has been driven by investment in our store opening programme, which has partially helped us to deliver organic sales growth by expanding into new geographic locations, and our centrally managed operations and support teams.

As a direct result of our significant sales and profit growth, we rewarded all of our staff with a £1,500 discretionary payment in addition to a £1,000 profit share payment each (total cost £4.8 million). We also honoured our commitment to pay 20% of any sales increase to our retail store managers (total cost £2.9 million) who achieved sales growth whilst maintaining costs broadly in-line with last year.

Update on priorities for 2017/18

In the year, we focused on the following initiatives designed to improve our performance in our existing stores and deliver organic sales growth through store openings:

Staff recruitment
The support we get from our people is the main reason why we are performing better than historical trends and we are always looking for great people to join our global team. The jobs, which have the highest churn rate, are our new business developers (trade sales) and our store managers in our own retail stores. In 2016/17 a project team was set up to deliver an improvement in the online recruitment tools we use. The two main areas covered by the project team were rebranding our global recruitment website and implementing an applicant tracking system. Both the recruitment website and applicant tracking system were launched in April 2018.

STRATEGIC REPORT continued

Update on priorities for 2017/18 continued

Range

We focused on the following initiatives to deliver an improvement in our product offer, our customer service and how we promote our product range:

In February 2018 I recruited a global head of merchandising and logistics who is responsible for helping us build a world class merchandising function, focused on improving our stock allocation and replenishment by being more data driven. His team will also be more integrated with our logistics team, helping us better meet our customers' expectations in terms of what stock they can buy, how their orders can be fulfilled and where it can be delivered to.

At the heart of our range is our core IP and the core product lines that support them. We are committed every year to further extending the Warhammer worlds through great products. It is what we are great at.

All of our studios have increased their output, ensuring that whatever facet of Warhammer a customer enjoys or whatever faction they collect they've had, and will continue to be offered, something great to engage with.

We have also been working on some new initiatives to help introduce people to Warhammer:

- Space Marine Heroes - Our push off the frame, push fit miniatures, sold as blind collectibles, placed in over 250 new outlets in Japan. The series launches globally later this year along with series 2 in Japan.
- Partworks - We learnt a great deal from the Battle Games in Middle-earth partwork launched back in 2002. And some of those lessons were painful! Now though, I think we are in the best position we've ever been to have another go. 'Warhammer 40,000 Conquest', a serialised product, will launch this summer.

Our licensing team too have been doing their best to broaden our reach. I've changed their terms of engagement with partners and allowed them to experiment. They've taken to this challenge well - exploring new types of licences, with new types of products, and in new markets. It's early days, and it's clear we're still finding our feet. The goal, though, is to find some great long term partners who we can work with to bring exceptional licensed products to market. We want to work with skilled people at the top of their game who can help bring our Warhammer brands to a new audience and provide the world class quality needed to delight our existing customers.

Marketing

Customer focused

We have a great, global community who are both loyal and passionate. Over the last six months we have again doubled the number of customers interacting with us on social media. We've supported these customers with daily content for Warhammer: Age of Sigmar and Warhammer 40,000, and increased our video output to more than one video every day, reaching over 100,000 people per day. We've also continued to develop warhammer-community.com and created new brand content sites. In the last six months alone, our content has had 16.3 million views from 2.5 million users, and this increase shows no sign of stopping.

When we say marketing at GW, we mean informing, engaging and inspiring our global community. Our commitment to talking with our customers has never been stronger, and their response never more positive. Warhammer-community.com has become the real home of Warhammer content online, with over 70 million page views in 2017/18 from almost 5 million users supported by tens of millions of interactions on social media.

In addition to the business end of marketing, I've also allowed our team some space to have some fun. They certainly made the most of the opportunity: a Christmas video featuring a choir was followed by a goldfish related product tease and some chocolate Space Marines on April Fools Day. With well over 1 million views, they certainly helped reinforce a message of a GW that doesn't take itself too seriously.

Licensing

The team has had another solid year thanks to the on-going successes of Total War: Warhammer, and Warhammer: Vermintide 2.

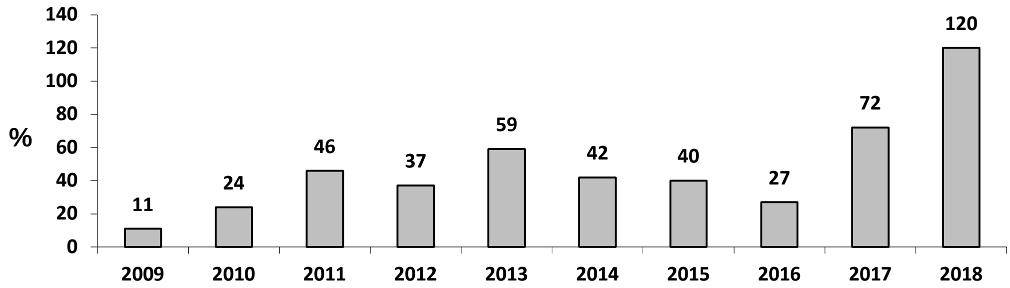
Reported income is split as follows: 89% PC and console games, 7% mobile and 4% other.

Projects

In the year we had two major projects being implemented:

- Warhammer 40,000 product launch in June 2017.
- European ERP - enterprise resource planning (core back office systems) - replacement. We have moved to a more agile methodology for implementing the solution and some of the initial phases are now live. Our global head of IT has overseen this change. Project estimated cost of £8 million.

Return on capital*



A key measure of our performance is return on capital. During the year our return on capital increased from 72% to 120%. This was driven by an increase in operating profit before royalty income, offset slightly by an increase in average capital employed.

Sales

Sales by segment

	53 weeks to 3 June 2018 Constant currency	52 weeks to 28 May 2017 Constant currency	**53 weeks to 3 June 2018 Actual rates**	52 weeks to 28 May 2017 Actual rates	**2018 % of total Sales**	2017 % of total sales
Trade	**£96.2m**	£61.3m	**£94.3m**	£61.3m	**43%**	39%
Retail	**£82.5m**	£64.8m	**£82.0m**	£64.8m	**37%**	41%
Online	**£43.9m**	£32.0m	**£43.6m**	£32.0m	**20%**	20%
Total sales	**£222.6m**	£158.1m	**£219.9m**	£158.1m		

Reported sales grew by 39% to £219.9 million for the year. On a constant currency basis, sales were up by 41% from £158.1 million to £222.6 million.

Operating profit

Operating profit by segment

	53 weeks to 3 June 2018 Constant currency	52 weeks to 28 May 2017 Constant currency	**53 weeks to 3 June 2018 Actual rates**	52 weeks to 28 May 2017 Actual rates
Trade	**£33.3m**	£18.0m	**£32.9m**	£18.0m
Retail	**£6.7m**	£0.5m	**£7.2m**	£0.5m
Online	**£27.9m**	£18.8m	**£27.9m**	£18.8m
Product and supply	**£25.1m**	£16.3m	**£23.9m**	£16.3m
Royalties (net of costs)	**£9.4m**	£6.9m	**£9.1m**	£6.9m
Other costs	**£(26.3)m**	£(22.2)m	**£(26.4)m**	£(22.2)m
Total operating profit	**£76.1m**	£38.3m	**£74.6m**	£38.3m

Core business operating profit (operating profit before royalty income) grew by £33.9 million to £64.7 million (2017: £30.8 million). On a constant currency basis, core business operating profit increased by £35.7 million to £66.5 million. This was driven by improvements across all of our three main channels.

Costs have been managed well. They have increased by £8.8 million in the year as a result of investments for the long term; £3.0 million in our store opening programme and £1.1 million in our operations, support and marketing teams. We also incurred additional performance related costs of £1.1 million in payments to our retail staff for delivering growth and paid an additional £1.4 million in profit share and discretionary bonus paid equally to all staff. Variable costs directly attributable to sales volume growth increased by £1.6 million in the year.

Capital employed

Average capital employed increased by £11.0 million to £53.9 million. The book value of tangible and intangible assets increased by £6.1 million, inventories increased by £5.2 million and trade and other receivables increased by £2.1 million whilst current liabilities increased by £2.4 million.

*We use average capital employed to take account of the significant fluctuation in working capital which occurs as the business builds both inventories and trade receivables in the pre-Christmas trading period. Return is defined as pre-exceptional operating profit before royalty income, and the average capital employed is adjusted by deducting assets and adding back liabilities in respect of cash, borrowings, exceptional provisions, taxation, deferred royalty income and dividends.

STRATEGIC REPORT continued

Cash generation

During the year, the Group's core operating activities generated £66.0 million of cash after tax payments (2017: £38.5 million). The Group also received cash of £8.9 million in respect of royalties in the year (2017: £8.8 million). After purchases of tangible and intangible assets and product development costs of £21.5 million (2017: £12.8 million), dividends of £38.7 million (2017: £23.8 million), group profit share and discretionary payments to employees of £4.8 million (2017: £3.4 million), proceeds from the issue of ordinary share capital relating to the sharesave scheme of £1.0 million (2017: £0.1 million) and foreign exchange losses of £0.1 million (2017: gains of £0.6 million) there were net funds at the year end of £28.5 million (2017: £17.9 million).

Investments in assets

This is what we have been spending your money on:

	2018 £million	2017 £million
Shop fits for new and existing stores	**1.4**	1.3
Production equipment and tooling	**8.8**	3.3
Computer equipment and software	**2.6**	2.4
Lenton site	**3.3**	0.1
Total capital additions	**16.1**	7.1

In 2017/18 we invested £1.4 million in shop fits: 43 new stores and 7 refurbishments. We also invested £4.4 million in tooling, milling and injection moulding machines and a further £3.1 million on moulding tools. The investment in computer software relates mainly to the work on the new ERP system. The investment in Lenton site includes the purchase of land (£1.7 million) and building costs to expand the site. Capital investment is expected to be higher than depreciation and amortisation over the next few years as we increase our production capacity and upgrade our core back office systems in Nottingham.

Dividends

We followed our principle of returning truly surplus cash to shareholders. Dividends of £40.6 million (2017: £23.8 million) were declared during the year. A dividend of £9.6 million was declared and paid after the year end.

Royalty income

Royalty income increased in the year by £2.4 million to £9.9 million. This was due to the strong performances of Total War: Warhammer II and Warhammer: Vermintide 2.

Taxation

The effective tax rate for the year was 19.9% (2017: 20.5%). We continue to expect a rate above that for a business with activities based solely in the UK, due to higher overseas tax rates.

Sales by channel

37% (2017: 41%) of sales were made through our own stores, 43% (2017: 39%) of sales were to independent retailers and 20% (2017: 20%) were online.

Retail

Store openings and closures during the year:

	Number of stores at 28 May 2017	Opened	Closed	**Number of stores at 3 June 2018**	**Number of one man stores at 3 June 2018**	Number of one man stores at 28 May 2017
UK	147	6	(9)	**144**	**104**	114
North America	111	25	(2)	**134**	**119**	96
Continental Europe	145	6	(3)	**148**	**103**	100
Australia	47	3	(2)	**48**	**39**	39
Asia	12	3	-	**15**	**14**	11
	462	43	(16)	**489**	**379**	360

We opened 43 new stores in the year including 10 relocated stores (shown within both the opened and closed store numbers above). These new stores generated £2.6 million of profitable sales. Our main focus for store openings in the year ahead will be North America and Germany. We will continue to focus on improving our existing store performance.

Retail sales grew by 27% in the year (27% at constant currency), helped by additional growth from 27 net new stores and our visitor centre delivering 20% growth. We continue to fine tune our skills based training for all of our store managers at our retail workshops.

Trade

Sales increased by 54% during the year (57% at constant currency). We delivered growth in every major country we sell our products in thanks to the hard work of our telesales teams in Memphis, Nottingham and Sydney. Sales to trade accounts which sell primarily online continue to perform well.

Online
Sales grew by 36% (37% at constant currency). Sales of our Forge World range grew by 4% and our Citadel range by 52%. We are committed to continuous investment in our online shopping experience.

Treasury
The objective of our treasury operation is the cost effective management of financial risk. The relationship with the Group's bank is managed centrally. It operates within a range of board approved policies. No transactions of a speculative nature are permitted.

Funding and liquidity risk
The Group pays for its operations entirely from our cash flow.

Interest rate risk
Net interest payable for the year (excluding unwinding of discounts on provisions) was £49,000 (2017: net interest receivable £83,000).

Foreign exchange
Our big currency exposures are the euro and US dollar:

	euro		US dollar	
	2018	2017	**2018**	2017
Year end rate used for the balance sheet	**1.14**	1.15	**1.33**	1.28
Average rate used for earnings	**1.13**	1.17	**1.35**	1.27

The net impact in the year of these exchange rate fluctuations on our operating profit was a decrease of £1.5 million (2017: increase of £7.0 million).

Gender diversity, greenhouse gases, social, community and human rights, and employees
We report on these topics in the directors' report on pages 15 and 16.

Priorities for 2018/19
As part of our overall strategy, four key initiatives will be prioritised in 2018/19. These are designed to deliver further sales growth whilst maintaining our operating profit margin.

Firstly, staff recruitment and training.
We are continuing with our investment in our global people systems to help us support our staff. We are focusing on online service tools to improve our onboarding, e-learning, performance management and how we communicate with our staff.

Secondly, recruiting new customers and retaining customers in our Warhammer Hobby:

- Open more of our own stores, mostly in our one man store format in North America and in Germany. My goal is to open 25 stores (net) in 2018/19.
- Open more trade accounts. This will be based on our well established terms and conditions, selling independent accounts our best selling products and, where appropriate, the extended range. The goal is to sell our products where our customers want to shop. We will also be updating our online service tools to ensure all of our third party accounts get outrageous customer service and support.
- Continue to improve our digital marketing and customer engagement.

Thirdly, we will continue to focus on recruiting new customers and retaining our existing customers for longer.
We will continue to review our core product range to ensure we have the right products in the right place at the right time. We have significantly increased the number of new releases supporting our core systems in the last few years and this will continue in 2018/19. We will also pilot some new product formats in new markets and look to broaden our brand awareness in Asia.

Finally, we are investing in core systems and our manufacturing and warehousing capacity:

- UK - our ongoing investment in a new European ERP system
- UK - a new extension of our manufacturing facility at our HQ in Nottingham
- North America - the upgrade of our warehousing systems and software at our site in Memphis, Tennessee
- UK - Upgrade of our digital asset management system

Risks and uncertainties

The board has overall responsibility for ensuring risk is appropriately managed across the Group. The top seven risks to the Group are reviewed at each board meeting. The risks are rated as to their business impact and their likelihood of occurring. In addition, the Group has a disaster recovery plan to ensure ongoing operations are maintained in all circumstances. The principal risks identified in 2018/19 are discussed below. These risks are not intended to be an extensive analysis of all risks that may arise but more importantly are the ones that could cause business interruption in the year ahead.

- ERP change - as discussed above we are changing our core ERP system in the UK. This is a complicated project with the risk of widespread business disruption if it is not implemented well. It is being implemented and managed by a strong internal project team and specialist ERP software consultants.
- Recruitment - to always have a world class team to support our fantastic business. The risk is we compromise and recruit only for skills and not on the personal qualities we need new members of the global team to demonstrate to ensure we deliver our long-term goals.
- Supply chain - to deliver a seamless supply of products to our customers. The risk is that there are unnecessary delays or expense.
- Range management - as discussed above we are reviewing our range to ensure that we are exploring all opportunities. The risk is that we don’t fully exploit all the opportunities that are available to us or that we have too much stock. Our approach to managing this risk is discussed on page 8.
- Innovation - to surprise and delight our customers with ever better new miniatures or related products. The risk is that we become complacent.
- IP exploitation - to optimise our Warhammer brands fully in addition to being innovative in our core business. The risks are that we do harm to the core business or we don’t take this opportunity seriously.
- Distractions - this is anything else that gets in the way of us delivering our goals.

Games Workshop relies upon the continued availability and integrity of its IT systems. Our business critical systems are monitored and disaster recovery plans are in place and reviewed to ensure they remain up to date. The security of our systems is reviewed with software updates applied and equipment updated as required.

We do not consider that we have material solvency or liquidity risks.

Following the UK Government invoking Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the EU, Games Workshop has reviewed the impact that this may have on the Group. The key risks relate to the movement of goods from the UK to the EU across all sales channels as well as the recruitment and retention of EU nationals working in the UK. These risks are being assessed and plans are being reviewed to help mitigate the possible impact of these changes.

In my opinion the greatest risk is the same one that we repeat each year, namely, management. So long as we have the right people in the right jobs we will be fine. Problems will arise if the board allows egos and private agendas to rule. I will do my utmost to ensure that this does not happen.

Summary

You can see from these results that our business and our Warhammer Hobby are in good shape. The response from our customers to our models and games and how we support them has again been fantastic, thank you.

The board continues to believe that the prospects for the business are good.

Kevin Rountree
CEO
30 July 2018

DIRECTORS' REPORT

The directors present their annual report together with the financial statements and independent auditors' report for the 53 weeks ended 3 June 2018.

General information

Games Workshop Group PLC (the 'Company') and its subsidiaries (together the 'Group' or 'Games Workshop') designs and manufactures miniature figures and games and distributes these through its own network of retail stores, independent retailers and online via the global web stores. The Group has manufacturing activities in the UK and sells mainly in Europe, North America and Asia Pacific.

The Company is a public listed company, incorporated and domiciled in the United Kingdom. The address of its registered office is Willow Road, Lenton, Nottingham, NG7 2WS, United Kingdom. The Company's ordinary share capital is listed on the London Stock Exchange.

Substantial shareholdings

The following interests in 3% or more of the issued share capital of the Company as at 30 July 2018 have been disclosed to the Company:

	No. of shares	%
Investec Asset Management Limited	3,087,765	9.6
T H F Kirby	2,134,186	6.6
Schroders plc	1,677,861	5.2
JP Morgan Asset Management (UK) Limited	1,669,075	5.2
Massachusetts Financial Services Company	1,611,343	5.0
Artemis Asset Management LLP	1,588,680	4.9
Working Capital Management Pte Limited	1,555,358	4.8
Ruffer LLP	1,555,198	4.8
FIL	1,516,682	4.7

The Company has not been notified of any other substantial shareholdings.

Dividends

Dividends of 126 pence per share (2017: 74 pence) were declared during the year (£40.6 million; 2017: £23.8 million). A further dividend of 30 pence per share was declared post year end and was paid before the signing of these financial statements.

Directors

The present directors of the Company are listed on page 33. All of the directors were members of the board throughout the year and up to the date of signing the financial statements with the exception of J R A Brewis who was appointed in June 2018.

As the Company is now part of the FTSE 250 index all directors will now be subject to annual re-election. J R A Brewis will also be seeking his election since appointment to the board in June 2018. In relation to the non-executive directors, the chairman has confirmed that, following formal performance evaluation, the performance of C J Myatt and E O'Donnell continues to be effective and they continue to demonstrate commitment to their roles as non-executive directors, including commitment of the necessary time to board and committee meetings and other duties. C J Myatt and N J Donaldson are considered by the board to be independent of the Group, as set out in the corporate governance report. The non-executive directors have formally evaluated the performance of N J Donaldson as non-executive chairman and consider him to be effective in his role.

Directors' interests

The interests of the directors in the shares of the Company, together with details of share options granted to the directors, are disclosed in the remuneration report on page 30. None of the directors had a material interest in any contract of significance to which the Company, or any of its subsidiaries, was a party during the year.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors, as permitted by section 234 of the Companies Act 2006, which were in force during the year and up to 30 July 2018.

Information on executive directors

K D Rountree (age 48), CEO. Kevin joined Games Workshop in March 1998 as assistant group accountant. He then had various management roles within Games Workshop, including head of sales for the Other Activities division (including Black Library, licensing and Sabertooth Games). Kevin was appointed CFO in October 2008. During the year ended 29 May 2011, he took on the responsibility of managing the Group's service centres globally. To reflect this, his title was changed to chief operating officer from chief financial officer. He became chief executive on 1 January 2015. He qualified as a chartered management accountant in August 2001. Prior to joining Games Workshop, Kevin was the management accountant at J Barbour & Sons Limited and trained at Price Waterhouse.

DIRECTORS' REPORT continued

Information on executive directors continued
R F Tongue (age 47), group finance director and company secretary. Rachel joined Games Workshop in September 1996 as group tax manager. She then had various accounting roles within Games Workshop and was appointed company secretary in October 2008. She has also managed the legal and compliance functions within Games Workshop since November 2012. She was appointed group finance director in January 2015. Rachel qualified as a chartered accountant in 1995 and as a chartered tax adviser in 1996 having trained with Arthur Andersen.

Information on non-executive directors
N J Donaldson (age 64). Nick Donaldson was appointed to the board on 18 April 2002 and became non-executive chairman in September 2017. A barrister by profession, Nick is a partner of London Bridge Capital Partners LLP. Nick was, until 2003, head of corporate finance at Arbuthnot Securities Limited and previously held senior investment banking positions at Robert W Baird Limited and at Credit Lyonnais Securities. He is chairman of DP Poland PLC and a director of The Fulham Shore plc.

C J Myatt (age 74). Chris Myatt is the senior independent director, joining the board on 18 April 1996. He was formerly managing director of a division of Tarmac PLC, chairman and non-executive director of a number of manufacturing companies and treasurer of Keele University.

E O'Donnell (age 47). Elaine O'Donnell was appointed to the board on 28 November 2013. A chartered accountant by profession, until recently Elaine was a corporate finance partner with EY. She is also a non-executive director of Findel plc, On the Beach Group plc and the Merseyside Special Investment Fund and chairman of Alliance Fund Managers.

J R A Brewis (age 51). John Brewis was appointed to the board on 20 June 2018. John has over 25 years' experience in high volume manufacturing businesses and since 2004 had various roles within Trinity Mirror Printing, including commercial director. John is currently managing director of Reach Printing Services, a division of Reach plc, formerly Trinity Mirror plc.

Independent auditors
As at 30 July 2018, so far as each director is aware, there is no relevant audit information of which the auditors are unaware and each director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Share capital, share rights and other information
As at 30 July 2018, the Company's authorised share capital was £2,100,000 divided into 42,000,000 ordinary shares of 5p each nominal value ('ordinary shares'). On 30 July 2018 there were 32,350,318 (2017: 32,138,568) ordinary shares in issue. These ordinary shares are listed on the London Stock Exchange. All ordinary shares rank equally with respect to voting rights and the right to receive dividends. Shares acquired through the Company's share schemes rank pari passu with the shares in issue and have no special rights. The holders of ordinary shares are entitled to receive the Company's annual report, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights. There are no restrictions on transfer or limitations on the holding of any class of share and no requirements for prior approval of any transfers. The directors may refuse to register a transfer of shares if there is a failure to comply with certain requirements of the Company's articles of association. None of the shares carry any special rights with regard to control of the Company.

In accordance with the Company's articles of associations, each share (other than those held in treasury) entitles the holder to one vote at general meetings of the Company on votes taken on a poll. On a show of hands at a meeting, every member present in person or by one or more proxies and entitled to vote has one vote. Unless the directors decide otherwise, if a shareholder is given notice that he has failed to provide information required in relation to any shares pursuant to a notice under section 793 of the Companies Act 2006, that member will be unable to vote on those shares both in a general meeting and at a meeting of the shareholders of that class. If such shareholder holds more than 0.25% of the issued shares of a class (excluding treasury shares) and is in default of a section 793 notice, the directors may also state in the notice that: (i) the payment of any dividend shall be withheld; and (ii) that there can be no transfer of the shares held by such shareholder.

Subject to the provision of law, the Company may by ordinary resolution declare a dividend to be paid to the members according to their respective rights and interest, but no dividend may exceed the amount recommended by the directors. The directors may also declare and pay interim dividends. Subject to shareholder approval, the directors may pay dividends by issuing shares credited as fully paid up in lieu of cash dividends. If dividends remain unclaimed for 12 years they are forfeited and revert to the Company.

The rules about the appointment and replacement of directors are contained in the Company's articles of association. The Company's articles of association state that a director may be appointed by an ordinary resolution of the shareholders or by the directors, either to fill a vacancy or as an addition to the existing board but so that the total number of directors does not exceed the maximum number of directors allowed pursuant to the Company's articles of association. The Company's articles of association do not currently specify a maximum number of directors. The Company may by ordinary resolution remove a director from the board of directors.

Share capital, share rights and other information continued
The Company's articles of association also state that the board of directors is responsible for the management of the business of the Company and in doing so may exercise all the powers of the Company subject to the provision of relevant legislation and the Company's constitutional documentation. The powers of the directors set out in the Company's articles of association include those in relation to the issue and buy-back of shares. As at 3 June 2018, the Company had an unexpired authority to repurchase shares up to a maximum of 3,213,856 shares. During the year no shares were purchased in the market for cancellation.

Changes to the articles of association must be approved by the shareholders in accordance with the legislation in force from time to time.

The Company does not have agreements with any director or employee that would provide compensation for loss of office or employment resulting from a takeover, except that the provisions of the Company's sharesave scheme may cause options to be exercised in a takeover.

Constructive use of the AGM
The chairmen of the audit, the City and the remuneration and nomination committees will be available to answer questions at the AGM. Separate resolutions are proposed for substantially separate issues at the meeting and the chairman of the Company will declare the number of proxy votes received both for and against each resolution.

Corporate governance
The Company's statement on corporate governance is included in the corporate governance report on pages 18 to 21.

Health, safety and environment
Games Workshop is fully committed to the safety of our customers and the safety, health and wellbeing of our employees. Our people are our most valuable asset. We care about our colleagues and want to look after them.

Over the past 12 months we have increased the size of our health and safety team in line with the increased operational requirements of the business, and 2018/19 will see a focus on developing the level of safety training that our front line managers receive to fully embed our robust health and safety principles throughout the organisation.

Injury reporting
During the year there were four injuries reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 ('RIDDOR') in the UK (2016/17: 2) and no recordable cases reported to the US Occupational Safety and Health Administration (2016/17: nil).

Greenhouse gas emissions
Under the Greenhouse Gas Emissions (Directors' Reports) Regulations 2013, enforced under the Companies Act 2006, we have addressed our Greenhouse Gas ('GHG') reporting requirements.

	2017/18	2016/17
Scope 1 – tonnes CO2e	**787**	684
Scope 2 – tonnes CO2e	**4,239**	4,481
Total tonnes CO2e	**5,026**	5,165
Tonnes CO2e per sq metre	**0.071**	0.075
Tonnes CO2e per £000 of revenue	**0.023**	0.033

We have used the methodology described in the Environmental Reporting Guidelines from DEFRA to identify our GHG inventory of Scope 1 (direct) and Scope 2 (indirect) global CO2 emissions. We have considered the six main GHGs and report in CO2 equivalent. Our data includes all manufacturing, warehousing, office and retail sites controlled globally by Games Workshop for the 53 weeks to 3 June 2018. All calculations have used the 2018 DEFRA conversion factors.

- Scope 1 covers activities owned or controlled by Games Workshop that release emissions straight into the atmosphere - gas boilers, vehicle operation, air conditioning.
- Scope 2 covers activities that are not owned or controlled by Games Workshop but which create emissions as a result of our activities - electricity consumption.

October 2017 saw the completion of the installation of a 400kW solar panel system at the Nottingham site. This has currently generated 173 MWh of electricity and is in line to meet or exceed the design output.

Nottingham workplace parking levy and travel to work
Games Workshop will continue its policy of not recharging employees the Workplace Parking Levy (which increased by 4% in April 2018 to £402 per year for each used workplace parking space). We continue to promote our cycle to work scheme and have a high ratio of cyclists (over 10% of employees) at our Nottingham site. Since its launch on site in October 2015, 114 members of staff have enjoyed the benefits of subsidised travel via the Nottingham tram2work scheme. We also implemented a lift share scheme in 2017/18 which currently has 240 registered users.

Employees
The Group's policy is to consult on and discuss with employees, at meetings, matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

DIRECTORS' REPORT continued

Employees continued
With effect from April 2016, the Group adopted the UK Living Wage for all UK employees, regardless of age.

The Group operates an employee sharesave scheme as a means of further encouraging the involvement of employees in the Group's performance.

The Group's policy is to consider, for recruitment, disabled workers for those vacancies that they are able to fill. All necessary assistance with training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Diversity
The board has noted the changes to the UK Corporate Governance Code (the 'Code') to strengthen the principle of boardroom diversity. The board believes that business can benefit from a wide range of perspectives and backgrounds. The Company's aim as regards composition of the board is that it should have a balance of attitudes and knowledge to enable each director and the board as a whole to discharge their duties effectively. Consideration is given to diversity and gender across the Group with a view to appointing the best placed individual for each new job. The Company does not, however, consider that diversity can be best achieved by establishing specific quotas and targets.

As at 3 June 2018, the workforce is comprised as follows:

	Male	Female	Total
The board	3	2	5
Senior management	8	2	10
Total workforce	1,530	377	1,907

Social, community and human rights
The Group has policies that encompass a set of global sourcing principles covering fair terms of employment, human rights, health and safety, equal opportunities and good environmental practice. We seek to work with suppliers who adopt an ethical approach to human rights, working conditions and the environment in line with our own values. Our buyers are required to review supplier compliance with these policies, identify any areas of non-conformance and take action where appropriate. The Group monitors the quality and availability of all sourced components to ensure high standards are maintained.

Employees continue to carry out fund raising events for their chosen charities. Our policy is to not make cash donations to charities, however, we are fully supportive of the work our employees do. There are no donations to political parties.

Anti-bribery
Bribery and corrupt practices are never tolerated in the pursuit of Games Workshop's business objectives or goals, or within business relationships, or the actions of its employees and associated parties. This commitment is driven from the CEO and board throughout the entire Group and a commitment is expected of all who work with the Group and who act on our behalf or are employed or engaged in any capacity by us. The Games Workshop Anti-Bribery Policy reflects Games Workshop's zero tolerance approach to acts of bribery.

Anti-slavery
Modern slavery is a crime and a violation of fundamental human rights. Games Workshop has a zero-tolerance approach to modern slavery and is committed to acting ethically to implement and enforce effective systems and controls to ensure modern slavery is not taking place within Games Workshop or its supply chains. This commitment is driven from the CEO and the board throughout the entire Group and a commitment is expected of all who work for, or who supply into, Games Workshop. The Games Workshop Anti-Slavery Policy reflects Games Workshop's zero tolerance approach to modern slavery.

Research and development
The Group does not undertake research activities. Development activities relate to the development of new product lines. The charge to the income statement for the year in respect of development activities is detailed in note 8 to the financial statements.

GDPR
Everyone has rights with regard to the way in which their personal data is handled. In the course of business, the Games Workshop Group collects, stores and processes personal data in respect of customers, employees, suppliers and other third parties. Games Workshop always undertakes business in a manner which ensures the correct, lawful and secure treatment of personal data. Over the past twelve months, Games Workshop has completed an audit of its European operations to confirm the extent to which personal data is collected, stored and processed, and, further to this, has reviewed and enhanced all relevant policies, documentation and procedures to ensure compliance with the General Data Protection Regulation. The Games Workshop Data Protection Policy and supporting documents reflect Games Workshop's attitude and approach to the protection of personal data.

Future developments
The future developments for the Group are discussed in the strategic report on pages 3 to 12.

Financial risks
The financial risks facing the Group are set out in note 20 to these financial statements.

Going concern and viability statement

Assessment of prospects
The Group operates a strategic planning process which includes monthly reviews of business and financial performance, regular financial projections and an annual planning review for the next financial year. Medium term projections (for periods ending two years and three years hence) are extrapolated from the plan for the following financial year taking into account known strategy changes. This strategic planning process is managed centrally, led by the finance director.

Assessment of viability
The strategic plan reflects the directors' cautious view of possible outcomes. It is not used to set targets for performance.

The viability assessment has been conducted for a period of three years which is in line with the Group's strategic planning period. In making the viability assessment the principal risks facing the business have been considered and a number of severe but plausible scenarios assessed for the impact of these on the medium term projections. The scenarios tested include:

- A significant interruption in the supply chain impacting the manufacturing operations
- A material fluctuation of the sterling exchange rate
- A failure in the existing ERP system before the new ERP system goes live

Viability statement
Based on the board's assessment as described above, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period ending May 2021.

Going concern
After making appropriate enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. For this reason they continue to adopt the going concern basis in preparing the Group's and Company's financial statements.

By order of the board

R F Tongue
Group finance director and company secretary
30 July 2018

CORPORATE GOVERNANCE REPORT

The Listing Rules of the Financial Conduct Authority require listed companies to disclose, in relation to section 1 of the UK Corporate Governance Code 2016 (the 'Code'), how they have applied its principles and whether they have complied with its provisions throughout the accounting period. The UK Corporate Governance Code can be found at www.frc.org.uk.

This statement, together with the remuneration report on pages 22 to 31, explains how the Company has applied the principles and complied with the provisions set out in the Code.

The board operates through monthly meetings which senior executives attend on a regular basis. The board operates primarily through its monthly meetings and is responsible for leading and controlling the Group and monitoring executive management. It considers all issues relating to strategy, management and future direction of the Company. The board has a schedule of matters reserved to it for decision that is regularly updated; these include decisions on the Group's strategy, financial plans, major capital expenditure and dividend policy. The board is updated about operational decisions through the monthly meetings. It meets at least nine times a year. In 2017/18 the board had ten scheduled meetings, each of which was attended by all members of the board. Terms of reference for the board committees (as set out below) are available on the Company's website.

The Company maintains an appropriate level of director and officer liability insurance cover and has agreed to indemnify the directors against certain liabilities as discussed in the directors' report on page 13.

A review of the performance of the Group's main business activities is included in the strategic review. The board presents this review, together with the directors' report on pages 13 to 17, to give a fair, balanced and understandable assessment of the Group's position and prospects.

The board
The board comprises the non-executive chairman, the CEO, the group finance director and three further non-executive directors. It is chaired by the chairman, N J Donaldson.

The senior independent director is C J Myatt. His principal responsibilities include:

- to be available to shareholders if they have concerns which contact through the normal channels of the chairman, the CEO or the group finance director has failed to resolve, or for which such contact is not appropriate
- to ensure that the performance evaluation of the chairman is conducted effectively

The three non-executive directors have a breadth of successful commercial and professional experience and are considered by the board to be independent of the Group. The Code states that the board should identify each non-executive director it considers to be independent, and the Code then lists various circumstances which may appear relevant to its determination. This includes (amongst others) if the non-executive director has served on the board for more than nine years.

At Games Workshop the board has had to confront one of these circumstances as the non-executive chairman, N J Donaldson, and one of the non-executive directors, C J Myatt, have served for more than nine years.

In making this assessment as to independence, the board has taken into account the personal attributes of each director in relation to the current and future needs of the board. In the opinion of the board, independence (like judgement and wisdom) is not an attribute which can be measured by reference to a checklist. It is rather an attribute which the members of the board can observe being demonstrated by a director in his actions and interactions with other members of the board as it faces the various issues which are placed before it. Independence is the absence of complacency, lazy thinking and acceptance of the status quo.

Regarding the specific Code circumstance of service of over nine years, the board's position is as follows:

The 'nine year rule' is a helpful guide to the risk of directors becoming 'stale'. The board considers this risk periodically, but has not yet found it to be an issue at Games Workshop. If it did, it would react accordingly. At present the board feels that the requirement for members of the board to have a real understanding of, and empathy with, the Games Workshop Hobby to be a point in favour of retaining the experience which the board currently has.

Based upon its assessment, which focuses on each director's attitude towards making his best contribution to the progress of the Company, the board considers that both N J Donaldson and C J Myatt are independent.

All directors bring an independent judgement to bear on issues of strategy, performance, resources (including key appointments) and standards of conduct. The board considers that it has been supplied with sufficient timely and accurate information to enable it to discharge its duties.

The board continued
All members of the board have access to the services and advice of the company secretary. There is a procedure for directors to take independent professional advice at the Company's expense where relevant to the execution of their duties. The executive directors attach great importance to ensuring that the non-executive directors are provided with accurate, timely and clear information on the Group. In addition, the non-executive directors are actively encouraged to update continually their knowledge of and familiarity with the Group and the issues affecting it, so as to enable them to fulfil effectively their roles on both the board and its committees.

The board has established a process for the ongoing assessment of its own performance and that of its committees. The board has completed an internal review process to determine and define the role that the board performs; an internal assessment has been undertaken to review the board's performance against those objectives and this will continue in 2018/19. This will be an iterative process which will inform the board's development agenda on a regular basis.

Board committees
The board has three principal committees, all with written terms of reference which are published on the Company's website and which are available on application to the company secretary at the Company's registered office. The company secretary serves as secretary to all three committees. The chairmen of the audit, the City and the remuneration and nomination committees will be available to answer questions at the Company's AGM.

Audit committee
The audit committee comprises the three non-executive directors and the chairman of the Company under the chairmanship of C J Myatt, who is a chartered management accountant and has significant relevant financial and accounting knowledge and experience. The audit committee's terms of reference include monitoring the appropriateness of accounting policies, financial reporting, internal control and risk assessment and keeping under review the scope, results and effectiveness of the external and internal audits and the independence of the Company's external auditors.

Significant issues considered by the audit committee
The committee had four meetings during the year which were attended by all members of the committee. It has an agenda linked to the events in the Group's financial calendar. The external auditors met with the committee without management being present and the chairman and members of the committee have direct contact with the audit partner as required. During the year the committee:

- reviewed the half-year and full-year results
- received and considered, as part of the review of the annual financial statements, reports from the external auditors in respect of the auditors' audit plan for the year and the results of the annual audit. These reports included the scope of the annual audit, the approach adopted by the auditors to address and conclude upon key estimates and other key audit areas, the basis on which the auditors assess materiality, the terms of engagement for the auditors and an ongoing assessment of the impact of future accounting developments on the Group
- considered whether the annual report is fair, balanced and understandable. In doing so, the committee reviewed and discussed with management the content and appropriateness of the information included within the 2018 annual report. This provided the committee with the supporting detail to ensure that it was in a position to report to the board that the 2018 annual report taken as a whole was fair, balanced and understandable. This was on the basis that the business description, business model and strategy agreed with its own understanding of the Group, and the balance in the reporting of performance reflected both positive and negative issues and reflected the Group's activities during the year
- considered the effectiveness and independence of the external auditors and made a recommendation to the board regarding the re-appointment of PricewaterhouseCoopers LLP as external auditors
- reviewed the Company's policy on non-audit fees and ensured appropriate safeguards are in place
- considered and agreed the internal audit work programme and received regular reports on the key issues arising from its implementation during the year
- reviewed reports on the key business risks, including a review of the internal control processes used to identify, monitor and mitigate the principal risks and uncertainties

The committee received, reviewed and challenged reports from management and the external auditors setting out the significant issues in relation to the 2018 annual report and made their own assessment. These issues were discussed and challenged with management during the year. They were also discussed with the auditors at the time the committee reviewed and agreed the auditors' Group audit plan and at the conclusion of the audit of the financial statements. The issues that were discussed were:

- Inventory valuation: the committee considered and agreed that the inventory provisions were appropriate given the robust formulaic process applied and the level of risk.
- Capitalisation of product development costs: the committee reviewed the accounting for and disclosure of development costs. The committee concluded that the accounting and disclosure was appropriate but that management should continue to monitor this closely in the context of product release cycles and underlying sales trends.

Significant issues considered by the audit committee continued
The committee reviews the independence of the external auditors by assessing the arrangements for the day to day management of the audit relationship as well as reviewing the auditors' report which describes their procedures for identifying and reporting conflicts of interest. To maintain the auditors' independence, the committee has also established the policy that the primary role of the external auditors is to perform services directly related to their audit responsibilities. Non-audit fees paid to the auditors amounted to £50,000 in the year; this relates to the verification of retail turnover certificates for certain stores, performance of a cyber security review and advice in relation to executive remuneration policy. The Group uses other advisers for taxation advice and other services. The audit fees are disclosed in note 8.

The committee calls upon the external auditors, the internal auditors and the executive directors to attend formal meetings as required. These meetings are held at least three times a year. The external and internal auditors are given the opportunity to raise any matters or concerns they may have in the absence of the executive directors at separate meetings with the audit committee or its chairman.

The audit committee considers the re-appointment of the external auditors each year, as well as remuneration and other terms of engagement. PricewaterhouseCoopers LLP have acted as external auditors of the Group since the 2005 year end. Andrew Lyon is the audit partner and he was appointed during 2014/15 and will rotate after five years. In 2014/15 the external audit was put out to tender and the committee agreed that PricewaterhouseCoopers should remain as auditors. There are no contractual obligations which restrict the choice of external auditors.

Whistleblowing
The audit committee is responsible for the review of the Company's procedures for responding to the allegations of whistleblowers and the arrangements by which staff may, in confidence, raise concerns about possible financial reporting irregularities.

City committee
The City committee comprises the non-executive directors and is chaired by N J Donaldson. It normally meets at least twice a year and is responsible for corporate governance, investor relations, City presentations and liaison with City advisers. The City committee held two meetings during the year, each of which was attended by all members of the committee.

Remuneration and nomination committee
The remuneration and nomination committee comprises the non-executive directors and is chaired by E O'Donnell. It normally meets at least twice a year and is responsible for making recommendations to the board on remuneration policy for all executive directors (including determining specific remuneration packages, terms of employment and performance incentive arrangements). It is also responsible for nominating, for approval by the board, candidates for appointment to the board. The procedures and guidelines used by the remuneration and nomination committee in determining remuneration are outlined in the separate remuneration report. The remuneration and nomination committee held two meetings in the year, which were attended by all members of the committee. The committee meets without the executive directors at least annually to appraise the executive directors' performance.

Appointments to the board
On 20 June 2018, J R A Brewis was appointed to the board as a non-executive director, effective from that date. Following the Company's recruitment procedures, the board determined that J R A Brewis would be a suitable and valuable addition to the board. Open advertising and an external search company was used in respect of this appointment.

Newly appointed directors are given training appropriate to the level of their previous experience. Non-executive directors meet regularly with members of the executive and other staff within the Group. In addition, site visits ensure that the non-executive directors gain first hand experience of developments within the Group

Any director appointed during the year is required, under the provisions of the Company's articles of association, to retire and seek election by the shareholders at the next AGM.

Internal control
The directors recognise that they have overall responsibility for ensuring that the Group maintains a sound system of internal control to safeguard shareholders' investment and the Group's assets, and for reviewing its effectiveness. The system is designed to manage risks that may prevent the Group from achieving its business objectives, rather than to eliminate these risks. However, even the most effective system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place from the start of the year until the date of approval of this report. This process is regularly reviewed by the board throughout the year.

The effectiveness of the Group's system of internal control is continuously reviewed by the board. The review covers all material controls, including financial, operational and compliance controls and risk management. The monitoring of control procedures is achieved through regular review by the group finance director, reporting to the board. This review process considers whether significant risks have been identified, evaluated and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. Regular reporting by senior management ensures that, as far as possible, the controls and safeguards are being operated appropriately. This process is considered by the audit committee, alongside the external auditors' reports.

Internal control continued
The Group has continued its programme of internal audit reviews during the year. The audit committee agrees an annual internal audit plan, focusing on business specific issues. Actions agreed by management, in response to recommendations made, are followed up.

The board, with advice from the audit committee, has completed its annual review of the system of internal control and is satisfied that it has acted appropriately and in accordance with that guidance. During the course of its review of the system of internal control, the board has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Therefore a confirmation in respect of necessary actions is not considered appropriate.

Communication with shareholders
The Company attaches great importance to its AGM, which it considers to be the primary platform of communication between the Company and its shareholders. On a continuing basis the Company encourages two way communication with its institutional and private shareholders and responds promptly to queries received verbally, in writing or directly through its investor relations website investor.games-workshop.com.

The CEO and group finance director are available to meet with shareholders to discuss any issues which shareholders may have. Any issues arising at such meetings are reported to and considered by the board.

Remuneration report
The Company's policy on executive remuneration and details of the executive directors' salaries, profit share and pensions, and fees for the non-executive directors are set out in the board report on remuneration on pages 22 to 31.

Conflicts of interests
The Company's articles of association take account of certain provisions of the Companies Act 2006 relating to directors' conflicts of interests. These provisions permit the board to consider, and if thought fit, to authorise situations where a director has an interest that conflicts, or may possibly conflict, with the interests of the Company. The board has adopted procedures for the approval of such conflicts. The board's powers to authorise conflicts are operating effectively and the procedures are being followed.

Statement of compliance with the UK Corporate Governance Code
The Company has complied with all of the provisions set out in section 1 of the Code.

By order of the board

R F Tongue
Group finance director and company secretary
30 July 2018

REMUNERATION REPORT

Introduction
The remuneration report for the 53 weeks ended 3 June 2018 has been prepared on behalf of the board by the remuneration committee in accordance with the requirements of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended, and meets the relevant requirements of the Listing Rules of the Financial Conduct Authority and the UK Corporate Governance Code.

This remuneration report is split into two parts:

- The directors' remuneration policy, which sets out the Company's proposed policy on directors' remuneration. This proposed policy will be subject to a binding vote at the 2018 AGM and will apply for three years from this date.
- The annual report on remuneration, which sets out payments made to executive directors and non-executive directors and details the relationship between company performance and remuneration for the 2017/18 financial year. The 2017/18 report will be subject to an advisory vote at the 2018 AGM.

2017/18 – a year in review
Following T H F Kirby's retirement from the Company's board at the 2017 AGM, N J Donaldson was appointed non-executive chairman of Games Workshop and I was appointed chairman of the remuneration and nomination committee.

2017/18 was a truly outstanding year for Games Workshop, building upon the great performance delivered last financial year. The operational changes introduced by the executive directors have continued to deliver growth and to strengthen the business. Sales have grown in all channels and territories. Operating profit has increased by 94% in 2017/18 compared to 2016/17 and return on capital has grown from 72% to 120%. For the first time sales have exceeded £200m, with core operating profit percentage of 29% and in April 2018 the Company was promoted to FTSE 250 status.

In the light of this performance, the committee has supported the executive directors' proposal to make a discretionary payment to all employees of £1,500 per employee (in addition to the maximum profit share of £1,000 per employee) as well as a discretionary bonus of up to 50% of 2017/18 salary to those employees who have contributed to the outstanding performance. The executive directors only received a profit share payment of £250 in line with the shareholder approved policy.

In addition, the committee has approved a 5% pay rise for all employees excluding retail employees (who have their own salary bandings) from 1 June 2018 in order to align all jobs to market rates and to reward the great performance.

2017/18 - executive remuneration review project
The board takes seriously its responsibilities in applying the principles of UK corporate governance and properly incentivising executive directors, and senior management generally, forms part of this area of focus.

As outlined in last year's annual report, in light of the ongoing exceptional progress achieved by the Company, in 2017/18 the committee decided to review the executive remuneration policy to ensure that it was still fit for purpose and that the executive directors were being appropriately rewarded.

An external remuneration benchmarking exercise was carried out by PwC, the findings of which have led the committee to conclude that the total remuneration package of the executive directors is significantly behind the market in the context of the current size and operating performance of the Company. The current remuneration policy, approved at the 2016 AGM, only allows for a maximum profit share payment of £250 per year per person, leaving the committee in a position whereby the only way to reward the executive directors for delivering exceptional performance is to increase base pay. The committee does not feel this is appropriate or indeed sustainable over the long term.

The committee is therefore seeking to address this issue by amending the existing policy through:

1. Introducing an exceptional bonus award; and
2. Increasing the opportunity under the existing profit share scheme.

The introduction of an exceptional bonus award will enable the committee to reward the executive directors' outstanding performance in a way that is directly aligned with shareholder interests. The award will be delivered in cash and will be capped at 100% of salary. The committee will require that the executive directors invest 50% of any bonus awards (net of tax) into shares in the Company, which it would expect to be held for a minimum of two years.

The committee is also proposing some changes to the general employee profit share scheme (which, by extension, applies to the executive directors). In particular, the maximum opportunity will increase from £250 to £1,000 in order to recognise and more meaningfully reward the contributions of the wider employee population to the Company's performance.

In addition, to recognise the exceptional performance achieved this year and in recent years, the committee is proposing to make an exceptional bonus award for 2017/18 equal to 100% of salary to the executive directors. As this payment is not covered by the current remuneration policy, this will be subject to a separate binding shareholder approval at the 2018 AGM.

2017/18 - executive remuneration review project continued
In considering the proposed changes to the remuneration policy, a consultation exercise was held in May 2018 during which both the non-executive chairman and I met with a number of shareholders to discuss the proposals in detail. The committee has taken account of the feedback received from shareholders as part of this exercise in setting the proposed policy presented in this report.

In addition, following the external benchmarking of the executive directors salaries and non-executive directors fees and in the interests of maintaining market position, the committee has resolved to increase the annual salary of K D Rountree from £410,000 to £525,000, the annual salary of R F Tongue from £250,000 to £300,000 and the fees of N J Donaldson from £120,000 to £140,000 with effect from 1 June 2018.

The committee believes that by introducing the exceptional bonus award and by adjusting base salaries, it is able to appropriately reward the executive directors for the outstanding performance delivered this year and in future years if appropriate. The committee next proposes to review the base salaries payable to the directors at or about the end of the 2018/19 financial year. In conducting such reviews, the committee seeks to take into account, among other factors, corporate performance on environmental, social and governance issues.

2018/19 – the year ahead
The committee and the board's philosophy to pay and reward remains the same; we believe that the main focus of the remuneration policy should be on the fixed elements of pay. The committee is very mindful of the risks of incentive plans and complex bonus schemes driving short term and/or individual behaviours which are not in the interests of the Company and its shareholders. As such, the committee has no intention of introducing any form of longer term incentive.

As a board we have high performance expectations and the executive directors are even more demanding of themselves and their teams. Consequently, due to the stretching nature of underlying financial and/or operational performance targets for the exceptional bonus award, the committee does not necessarily anticipate that awards will be made under the exceptional bonus award every year. However, the amended policy will allow the committee the flexibility to make awards to the executive directors in years where performance has been judged to be truly exceptional, which we will fully describe to shareholders in future remuneration reports.

The profit share scheme has also been amended in that the amount of profit share each employee may receive is based on the operating profit percentage of the Group. The maximum potential value will be £1,000 per person per year. This scheme will also continue to apply to the executive directors.

In the last few years in managing executive succession, the committee has been very aware of the importance to the Company and its shareholders of the successful transfer of power and responsibility to the new executive team. When T H F Kirby stepped down at the 2017 AGM, he was retained as a consultant to the Company, principally to support K D Rountree. This consultancy agreement comes to an end at the 2018 AGM. In 2017/18 T H F Kirby will have been paid £171,000 in consultancy fees and £69,000 in the period to September 2018. The committee would like to thank T H F Kirby sincerely for all of his support.

Looking to the future, the committee will continue to monitor the consistency of the remuneration policy across the Group with a view to ensuring that an appropriate reward structure exists to recognise and retain the Group's top talent. As part of this process the committee will continue to keep under review and discuss regularly the effectiveness of the Company's approach to remuneration and its component parts.

E O'Donnell
Chairman
Remuneration and nomination committee
30 July 2018

Policy report
This part of the report sets out the proposed directors' remuneration policy, which will apply for three years from the date of 2018 AGM if approved by shareholders. The current remuneration policy has applied since the AGM held on 14 September 2016 when it was approved by shareholders. As set out in the chairman's introduction, the committee is proposing a small number of amendments to the existing policy to enable the Company to reward the executive directors for their outstanding performance this year and in future years, and achieve greater market alignment. The proposed remuneration policy will be put to a binding shareholder vote at the 2018 AGM.

The aim of the Group's remuneration policy is to reward fairly and to attract, motivate and retain high quality management. The total size of the remuneration package for executive directors is judged by comparison with the remuneration packages of similar companies, having regard to:

- the size of the company, its turnover, profits and number of people employed
- the diversity and complexity of the business
- the geographical spread of the business
- the growth and expansion profile

The Company's non-executive directors are remunerated with fees in line with market rates. They do not receive any pension or other benefits, other than the reimbursement of reasonable expenses, and they do not participate in any bonus or share schemes.

REMUNERATION REPORT continued

Remuneration policy table

The table below summarises each of the components of the remuneration package for directors of the Company which comprise the policy. The committee may make minor changes to the policy, which do not have a material advantage to the directors, to aid its operation or implementation, taking account of the interests of shareholders but without the need to seek shareholder approval.

Component	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Salary	Core element of fixed remuneration, reflecting the size and scope of the role. Purpose is to recruit and retain directors of the calibre required for the business.	Reviewed annually and usually fixed for 12 months from 1 June. There is no entitlement to an annual increase. Takes into consideration the director's role and attitudes. Takes into account prevailing market conditions and is aligned with staff pay reviews. Externally benchmarked by independent remuneration consultants from time to time against companies of a similar size and complexity.	There is no prescribed maximum annual increase in salary. Salaries are reviewed taking into consideration salary increases across the Group. Increases out of line with the workforce are carefully considered but may be awarded taking all relevant factors into account, for example, increases in scope and responsibility or salary falling significantly below market positioning.	Not applicable, although the individual's contribution and overall performance is one of the considerations in determining the level of any salary increase.
Benefits	Ensures the overall package is competitive. Purpose is to recruit and retain directors of the calibre required for the business. Participation in the sharesave scheme creates staff alignment with the Group and promotes a sense of ownership.	The executive directors each receive life assurance cover. The sharesave scheme is a HMRC approved monthly savings scheme facilitating the purchase of shares at a discount. Where appropriate other benefits may be offered including allowances for relocation and other expatriate benefits.	Set at a level which the committee considers appropriate against the market and provides a sufficient level of benefit based on individual circumstances. Sharesave contributions are as permitted in accordance with the relevant tax legislation.	Not applicable.
Pension	To provide cost effective retirement benefits.	Participation in a group personal pension scheme.	Up to 7.5% of salary up to a maximum of £10,000 per annum. Following the changes in pension tapering, any excess between 7.5% of salary and £10,000 is paid as additional salary (net of employers' national insurance).	Not applicable.
Profit share	Rewards performance against annual targets linked to core business operating profit percentage.	Targets are set annually and any pay out is determined by the committee, based on performance against those targets. All staff participate equally in the scheme. Awards are payable in cash.	Maximum potential value is £1,000 per person per year.	The financial target is based on core business operating profit percentage Payments range from nil to £1,000 dependent on the level of core business operating profit percentage.

Remuneration policy table continued

Component	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Exceptional bonus award	Rewards exceptional performance.	Any pay out is determined by the committee after the year end, based on performance. Awards are payable in cash with 50% of the net amount required to be invested in the Company's shares, with an expectation that these are held for at least two years.	Maximum potential value is 100% of salary.	The payment is at the discretion of the committee based on exceptional financial and operational performance being achieved during the year. The committee is of the opinion that disclosing detailed performance targets in advance would not be in shareholder interests for reasons of commercial sensitivity.
Non-executive directors' fees	Sole element of non-executive director remuneration set at a level that reflects market conditions.	Fees are reviewed annually taking into account time commitment, responsibilities and fees paid by comparable companies. Additional fees are paid to the senior independent director to reflect additional responsibilities. Non-executive directors are entitled to claim reasonable out of pocket expenses in connection with the performance of their duties.	Fees are based on the level of fees paid to non-executive directors serving on boards of listed companies of a similar size and complexity.	Not applicable.

Changes to the remuneration policy

There are no proposed changes to the salary, benefits or pension elements of remuneration.

The profit share element is changing the performance metrics from being based on growth in sales revenue with a maximum potential pay out of £250 per person to being based on core business operating profit percentage and a maximum pay out of £1,000 per person. This is to enable more meaningful and incentivising pay outs.

The exceptional bonus award was not included in the existing remuneration policy. This will now be included and will based on performance measured against stretching financial and operational targets. The maximum bonus opportunity will be 100% of salary. The bonus will be payable in cash with the expectation that 50% of any bonus (net of tax) will be invested in the Company's shares for not less than two years. This change is proposed in order to enable the executive directors to be rewarded for continued exceptional performance above and beyond the stretching targets; the objective is to increase alignment between directors and shareholders and with wider market practice. In addition, as part of the bonus will be invested in shares, this aligns with market best practice and encourages performance is sustained over the longer term.

Explanation of the performance metrics chosen

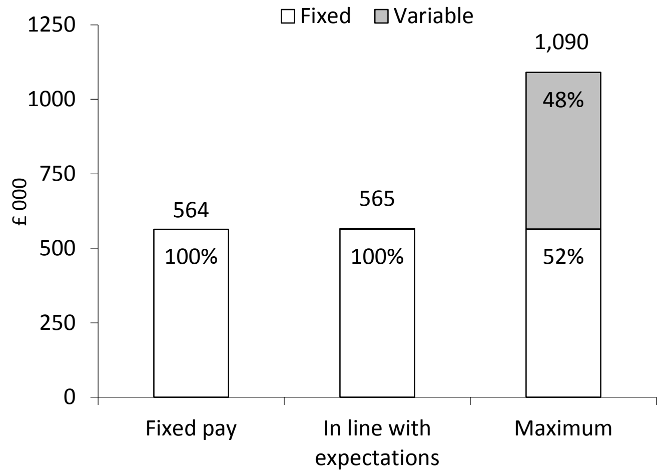
The performance measures selected are aligned with the Company's strategy and business objectives. The profit share is based on core business operating profit percentage.

REMUNERATION REPORT continued

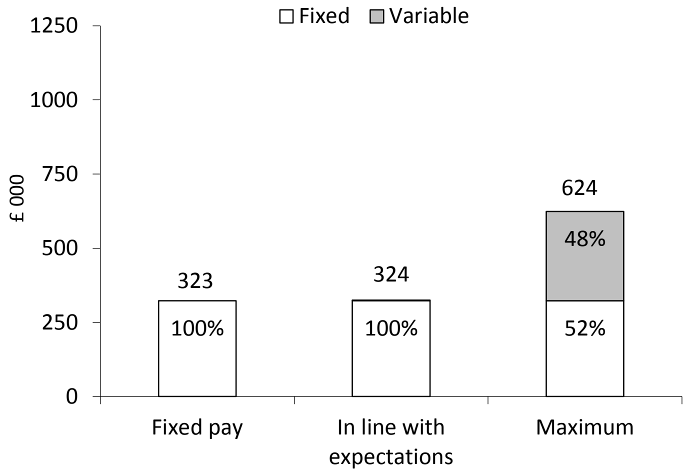
Illustration of application of the policy

The charts below show the relative split of remuneration between fixed pay (base salary, benefits and pension) and variable pay (profit share and exceptional bonus award) for each executive director on the basis of minimum remuneration, remuneration receivable for performance in line with the Company's expectations and maximum remuneration.

K D Rountree



R F Tongue



	Minimum	In line with expectations	Maximum
Fixed pay	Fixed elements of salary, benefits and pension. Salary is at 3 June 2018 and the value of benefits has been assumed to be equivalent to that included in the single figure remuneration table on page 27	As per minimum	As per minimum
Profit share	Nil	Up to £500 per annum	£1,000 per annum
Exceptional bonus award	Nil	Nil	100% of salary

Differences in policy from the wider employee population

The Company aims to provide a remuneration package that is market competitive, complies with any statutory requirements and is applied fairly and equitably across the wider employee population. Where remuneration is not determined by statutory regulation, the Company operates the same core principles as it does for the executive directors, namely:

- to remunerate people in a manner that allows for stability of the business and the opportunity for sustainable long-term growth
- to seek to remunerate fairly and consistently for each role with due regard to the market place and internal consistency
- to apply the profit share equally to all employees, including the executive directors
- to encourage employees to own shares through the operation of the sharesave scheme

As is common practice, the Company is proposing to introduce elements of variable pay through an exceptional bonus award which will be focused on the executive directors to ensure that the overall remuneration policy remains market competitive.

Remuneration policy for new directors

When setting the remuneration package for a new executive director, the committee would seek to apply the same principles and implement the policy framework as set out above. Base salary will be set at a level appropriate to the role and the experience of the director being appointed. Benefits, pension, profit share and the exceptional bonus award will be in line with the stated policy. Any buy-out award, should one be required, would be limited to the amount of salary that would be forgone.

Non-executive director fees will be set at a competitive market level, reflecting the skills, knowledge, experience, responsibilities and time commitment.

Directors' service contracts and letters of appointment

Executive	Date of contract	Unexpired term of contract	Notice period
K D Rountree	25 February 2009	Rolling contract	12 months
R F Tongue	25 March 2015	Rolling contract	12 months

Non-executive	Date of appointment	Date of last re-election at an AGM	Notice period
N J Donaldson	18 April 2002	13 September 2017	6 months
C J Myatt	18 April 1996	13 September 2017	6 months
E O'Donnell	28 November 2013	14 September 2016	6 months
J R A Brewis*	20 June 2018	n/a	6 months

*J R A Brewis will stand for election at the 2018 AGM

In accordance with best practice and as set out in the Code, notice periods in new service contracts for executive directors are set at one year. Non-executive director appointments are made through letters of appointment for a one year term, subject to election and re-election by the Company's shareholders in accordance with the Company's articles and the Code. The letters of appointment may be inspected at the Company's registered office.

Policy on payment for loss of office

If an executive director's employment is to be terminated, the committee's policy in respect of the service agreement (in the absence of a breach of the service agreement by the director) is to agree a termination payment based on the value of base salary and contractual pension and other benefits that would have accrued to the director during the contractual notice period. Depending on the particular circumstances, a director may work the notice period, be placed on garden leave for some or all of the notice period or receive a payment in lieu of notice in accordance with the service agreement. The committee will consider mitigation to reduce the termination payment to a leaving director when appropriate to do so, having regard to the specific circumstances.

Non-executive directors' appointments may be terminated without compensation but with six months' notice.

External appointments

The executive directors may each accept one external appointment with the prior approval of the board, from which any fees may be retained. At present, neither of the executive directors holds any outside directorship.

Consideration of employment conditions elsewhere in the Group

The Group aims to provide a remuneration package to all employees that is market competitive, complies with any statutory requirements and is applied fairly and equitably across the employee population, taking into account local employment market conditions.

The committee takes into account the general basic salary increase being offered to employees elsewhere in the Group when annually reviewing the salary increase and remuneration of the executive directors. Employees are not consulted in respect of board remuneration.

Consideration of shareholder views

The committee takes into account shareholder feedback received on remuneration matters, including comments in relation to the AGM in addition to any additional comments in correspondence direct with the Company. The committee would seek to engage directly with major shareholders should any material changes be made to the policy. In considering the proposed changes to the remuneration policy, a consultation exercise was held in May 2018 during which both the non-executive chairman and the chairman of the remuneration and nomination committee met with a number of shareholders to discuss the proposals in detail. The committee has taken account the feedback received from shareholders as part of this exercise in setting the proposed policy presented in this report.

Annual report on remuneration (subject to audit)

The tables below set out in a single figure the total remuneration, including each element, for each person who served as a director of the Company during the financial periods ended 28 May 2017 and 3 June 2018.

53 weeks ended 3 June 2018

	Salary/fees £000	Profit share £000	Pension related benefits £000	**Total £000**
K D Rountree	428	-	10	**438**
R F Tongue	259	-	10	**269**
T H F Kirby*	71	-	-	**71**
N J Donaldson	101	-	-	**101**
C J Myatt	60	-	-	**60**
E O'Donnell	52	-	-	**52**
Total	971	-	20	**991**

*Retired from the board on 13 September 2017

A proposal to pay an exceptional bonus award to the executive directors equal to 100% of their salary is scheduled for approval at the AGM in September 2018. This bonus is in relation to performance in the 53 weeks ended 3 June 2018. The bonus has not been accrued in the financial statements as no legal or constructive obligation exists at the balance sheet date.

REMUNERATION REPORT continued

Annual report on remuneration continued
Year ended 28 May 2017

	Salary/fees £000	Profit share £000	Pension related benefits £000	Total £000
K D Rountree	391	-	10	401
R F Tongue	223	-	9	232
T H F Kirby	250	-	-	250
C J Myatt	60	-	-	60
N J Donaldson	52	-	-	52
E O'Donnell	52	-	-	52
Total	1,028	-	19	1,047

The figures in the single figure tables above are derived as follows:
Salary/fees – the amount of salary/fees received in the year including any additional salary due in excess of the pension tapering limits.
Profit share – the amount of profit share earned in the year. A payment of £250 each was paid to K D Rountree and R F Tongue in both years.
Pension related benefits – the cash value of pension contributions received by the executive directors. This includes the Company's contribution into the group personal pension scheme.
No taxable benefits were paid.

Following his retirement from the board, T H F Kirby provided consultancy at a cost of £171,000 in 2017/18.

During 2017/18 and 2016/17 there were no payments made for loss of office. There were also no payments made to past directors in either the current or prior year apart from the consultancy fees paid to T H F Kirby described above.

CEO remuneration

Year	CEO	Total remuneration £000	% of maximum profit share paid ***
2018	K D Rountree	438	100
2017	K D Rountree	401	100
2016	K D Rountree	402	-
2015	K D Rountree	168	-
2015	T H F Kirby*	291	-
2014	T H F Kirby	511	-
2013	T H F Kirby	132	54
2013	M N Wells**	774	-
2012	M N Wells	319	48
2011	M N Wells	309	-
2010	M N Wells	282	100

*T H F Kirby stepped down as CEO on 31 December 2014 and K D Rountree was appointed CEO with effect from 1 January 2015.
**M N Wells resigned on 31 January 2013 and so all of his remuneration for 2012/13, including the payment for compensation for loss of office, is included in this table.
*** Maximum profit share paid was between £1,000 and £250.

Percentage change in CEO's remuneration
The table below shows how the percentage change in the CEO's salary in 2017/18 compares with the percentage change in the average salary and profit share of all employees within the Group. The committee has selected the Group's entire staff population (excluding the CEO) as these represent the most appropriate comparator.

	CEO	Wider workforce
Salary	+9%	+3%
Profit share	0%	+400%

Salary cost and profit share for the wider workforce has been calculated using the average exchange rates for the period ended 28 May 2017 for both years. Performance related elements of salary costs have also been excluded in both years.

Relative importance of spend on pay

The following table sets out the percentage change in dividends, profit attributable to owners and employee remuneration for the 53 weeks ended 3 June 2018, compared to the 52 weeks ended 28 May 2017:

	2018	2017	
	£000	£000	% change
Total staff costs	**70,223**	60,602	+15.9%
Profit attributable to owners	**59,679**	30,547	+95.4%
Dividends declared and paid	**40,602**	23,801	+70.6%

Statement of voting at the last AGM

At the last AGM, votes on the remuneration report were cast as follows:

	Votes for	% of vote	Votes against	% of vote	Votes withheld	% of vote
To approve the remuneration report	15,304,136	96.5%	547,592	3.5%	8,856	0.0%

Implementation statement

A summary of the remuneration arrangements in 2017/18 and how the policy will be applied during 2018/19 is set out below:

Salary and fees

As noted above, in 2018 the committee undertook a benchmarking exercise performed by external remuneration advisers. This reviewed the salaries of the executive and non-executive directors in order to assess how they compared with prevailing market levels of remuneration.

The following salaries/fees will apply from 1 June 2018

	From 1 June 2018
K D Rountree	£525,000
R F Tongue	£300,000
N J Donaldson	£140,000

The remuneration policy for the non-executive directors is determined by the board and is reviewed every year. Fees were externally benchmarked, as discussed above, taking account of the duties and responsibilities placed on the non-executive directors. The non-executive directors do not participate in the Group's sharesave scheme or profit share scheme nor do they receive any benefits or pension contributions.

Profit share

The maximum profit share that is payable is £1,000 per person per year. The performance targets are based upon operating profit percentage growth from the prior year.

Exceptional bonus award

The maximum exceptional bonus award is up to 100% of salary per person per year. The performance targets are at the discretion of the remuneration committee. The committee is of the opinion that disclosing detailed performance targets in advance would not be in shareholder interests for reasons of commercial sensitivity. A discussion of performance attributable to any future awards will be included in the annual report on remuneration for that year, so that shareholders can fully assess the basis for any pay outs.

Sharesave

A further award of options will be made under the new sharesave scheme during the year which is on the same basis as previous years.

Pension

Executive directors will continue to receive up to 7.5% of salary subject to a maximum of £10,000 per annum and the tapering restrictions set out in the remuneration policy

Remuneration and nomination committee

The committee is appointed by the board and comprises E O'Donnell (chairman), C J Myatt, N J Donaldson and J R A Brewis. The committee is responsible for setting the remuneration packages of the executive directors as well as approving their service contracts. The terms of reference are available on the Company's investor relations website.

Advisers

As referred to above, in 2018 the committee was assisted in its work by PwC which was appointed by the Company in consultation with the committee. The committee assessed whether PwC was independent in the provision of its remuneration advice and concluded that it was independent. The amount paid to PwC during the 2017/18 year for its advice was £15,000 (2017: nil).

REMUNERATION REPORT continued

Directors' interests in shares of the Company

The directors' interests (including their families) in the shares of the Company were as follows:

	As at 3 June 2018 ordinary shares of 5p each		As at 28 May 2017 ordinary shares of 5p each	
	Beneficial	**Non-beneficial**	Beneficial	Non-beneficial
K D Rountree	**28,867**	**-**	22,867	-
R F Tongue	**4,700**	**3,300**	4,700	3,300
T H F Kirby*	**-**	**-**	2,108,650	25,536
C J Myatt	**66,500**	**-**	66,500	-
N J Donaldson	**20,000**	**-**	20,000	-
E O'Donnell	**3,300**	**1,793**	3,300	1,793

*T H F Kirby retired from the board at the 2017 AGM

J R A Brewis was appointed to the board on 20 June 2018 and holds no shares in the Company.

Share options

Share options granted to the directors under the sharesave scheme were as follows:

	At 28 May 2017	Exercised	Granted	**Number as at 3 June 2018**	Exercise dates Commencement	Expiry	Exercise price
K D Rountree	3,924	3,924	-	**-**	Nov-17	Apr-18	458.7p
K D Rountree	-	-	1,376	**1,376**	Nov 20	Apr 21	1307.74p
R F Tongue	3,924	3,924	-	**-**	Nov-17	Apr-18	458.7p
R F Tongue	-	-	1,376	**1,376**	Nov 20	Apr 21	1307.74p

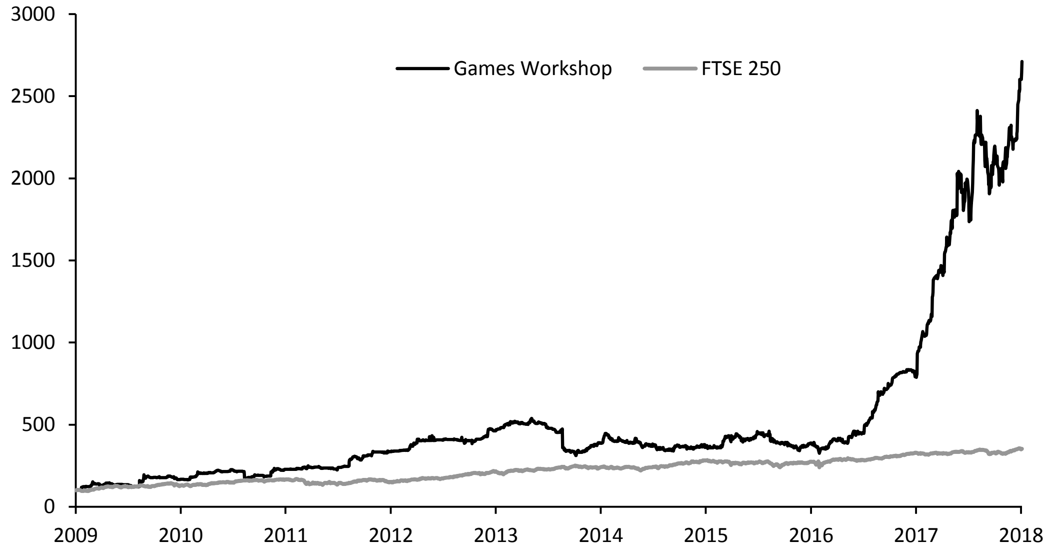
The options above were granted under the Games Workshop Group PLC 2015 Sharesave Scheme which grants options at a 20% discount on the market price at grant. Participants save a fixed amount monthly for three years in order to fund the exercise of the option. At exercise an individual may choose to exercise their option or have their savings repaid to them. This scheme is open to all eligible employees and directors who satisfy a service qualification of at least three months. There are no performance targets associated with these options.

K D Rountree acquired 272 of the Company's shares on 27 July 2018 under the Company's dividend reinvestment plan. These were the only movements in directors' interests in shares of the Company between 3 June 2018 and the date of this report

No other directors have been granted share options in the shares of the Company.

Performance graph

The graph below represents the comparative total shareholder return performance of the Company against that of the index of the FTSE 250 companies during the previous nine years. The index of the FTSE 250 companies has been used because the constituents of this index most appropriately reflect the Company's size when compared to alternative indices.



On behalf of the board
E O'Donnell
Chairman
Remuneration and nomination committee
30 July 2018

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report, the remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and Company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements and the remuneration report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's performance, business model and strategy.

The directors confirm that they have considered and addressed the requirements of The Companies, Partnerships and Groups (Accounts and Non-Financial Reporting) Regulations 2016, SI 2016 No 1245.

Each of the directors, whose names and functions are listed on page 33, confirms that, to the best of his/her knowledge:

- the Group and Company financial statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the board

R F Tongue
Group finance director and company secretary
30 July 2018

COMPANY DIRECTORS AND ADVISERS

Directors

N J Donaldson, non-executive chairman
K D Rountree, chief executive officer
R F Tongue, group finance director and company secretary
C J Myatt, senior non-executive director
J R A Brewis, non-executive director
E O'Donnell, non-executive director

Registered office

Willow Road, Lenton, Nottingham, NG7 2WS

Registered number

2670969

Financial advisers and stockbrokers

Peel Hunt LLP, Moor House, 120 London Wall, London, EC2Y 5ET

Chartered accountants and independent statutory auditors

PricewaterhouseCoopers LLP, Donington Court, Pegasus Business Park, Castle Donington, DE74 2UZ

Registrars

Equiniti Limited, Aspect House, Spencer Road, Lancing, BN99 6DA

Solicitors

Browne Jacobson, Victoria Square House, Victoria Square, Birmingham, B2 4BU

INDEPENDENT AUDITORS' REPORT

To the members of Games Workshop Group PLC

Report on the audit of the financial statements

Opinion

In our opinion, Games Workshop Group PLC's group financial statements and company financial statements (the 'financial statements'):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 3 June 2018 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the annual report, which comprise: the consolidated and Company balance sheets as at 3 June 2018; the consolidated income statement and statements of comprehensive income, the consolidated and Company cash flow statements, and the consolidated and Company statements of changes in total equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

Other than those disclosed in note 8 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 29 May 2017 to 3 June 2018.

Our audit approach

Context

In the current year, the sales volumes of the Group have increased resulting in an increase in profit before tax year on year. The Group has seen growth from all revenue streams as well as increased global sales. These changes to the Group have impacted the audit as set out below with increased levels of materiality in the current year. The increased materiality has not had an impact upon the number of reporting units in scope for the purposes of the Group audit and the coverage on the key income statement balances has not been impacted.

Overview

Materiality	• Overall Group materiality: £3,727,000 (2017: £1,900,000), based on 5% of consolidated profit before tax. • Overall Company materiality: £384,000 (2017: £397,000), based on 1% of total assets.
Audit scope	• Full scope audits, all conducted by the group engagement team, were performed on five separate reporting units. • The reporting units audited included the four largest trading units in the Group. • The reporting units audited accounted for 80% of consolidated revenues and 89% of consolidated profit before tax.
Areas of focus	• Inventory valuation. • Capitalisation of product development costs.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

The scope of our audit continued

We focused on laws and regulations that could give rise to a material misstatement in the Group and Company financial statements, including, but not limited to, the Companies Act 2006, the Listing Rules, and UK tax legislation. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, review of correspondence with the regulators, enquiries of management, enquiries of internal legal team, and review of internal audit reports in so far as they related to the financial statements. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	***How our audit addressed the key audit matter***
Inventory valuation Refer to page 19 (audit committee report), page 46 (Key assumptions and estimates) and page 55 (notes). The Group held inventory of £20.2 million as at 3 June 2018. The directors determine the provision for inventory by making assumptions about future sales by product and applying those to the current inventory holding. Inventory has increased year on year due to the performance of the business requiring higher levels of stock to be held for the operation of the business. The Group operates in a retail market where new product releases are regular. There is a risk that inventories held will not be sold and there is inherent judgement in the levels of sales the directors forecast when assessing realisable value. Over the last four years the Group has on average written off £1.2 million of inventory per annum. In order to assess the level of provision required against inventory, the directors assess forecast sales levels by product and in certain situations this calculation is subject to manual override to reflect the specific circumstances of certain inventory lines. We focused on this area because of the subjectivity around forecasting future sales performance of newly launched products, and because of the judgement that exists around the manual adjustments to the calculation.	We tested that the Group provisioning policy is in accordance with IFRSs as adopted by the EU and has been consistently applied. We understood and assessed manual overrides to the provision calculation to determine whether these adjustments were appropriate. No inappropriate adjustments were identified. We obtained an understanding of management's process for preparing future stock sales forecasts, including how these were challenged and stress-tested by the directors. We tested the integrity of the underlying calculations and assessed the assumptions over future sales forecasts by testing via recalculation the accuracy of management's historic sales forecasts compared to actual out-turn. We noted no material differences between historic forecasts and actual out-turn and were therefore satisfied that the directors' forecasting process was reasonable. We obtained further evidence over the valuation of the provision by comparing a sample of product lines to post year end sales and assessing whether, post year-end sales performance suggested that additional provisions may be required. This also provided us with evidence over the accuracy of the directors' sales forecasts used in calculating the provision. No material errors were noted.
Capitalisation of product development costs Refer to page 19 (audit committee report), page 45 (Key assumptions and estimates) and page 52 (notes). The Group incurred £5.4 million of capitalised product development costs during the year to 3 June 2018, relating to products the Group develops to sell through its various channels. The net book value of such capitalised costs as at 3 June 2018 was £8.2 million. We focused on this area due to the inherent level of judgement around whether costs capitalised meet the recognition criteria of IAS 38 'Intangible assets' ('IAS 38'), a determination that involves management estimation in particular as regards to whether they are specific to projects which are expected to generate future cash inflows. Further, there is a risk that capitalised costs will not be supported by the future cash inflows generated from product sales.	We assessed whether the costs capitalised relating to product development met the criteria set within IAS 38 noting no exceptions. We agreed a sample of capitalised product development costs to source documentation, including invoices and timesheets, and determined that they had been allocated to the correct project. We obtained and inspected the latest forecasts in respect of projects to assess recoverability of the capitalised costs. In order to assess the accuracy of the future sales forecasts, we compared actual 2017/18 sales to forecasts made in previous years and evaluated the historical accuracy of the directors' estimates. We also compared performance against forecasts of sales made following the year end. Based on this assessment, we found the directors' forecasts to be consistent with the actual historical outturn of sales and the levels of sales made post year end. We applied sensitivity analysis to the forecasts to understand the shortfall in revenues that would be required to cause a material impairment in the carrying value of capitalised costs. We considered the shortfall required to cause a material impairment unlikely given the historical accuracy of the directors' forecasting.

We determined that there were no key audit matters applicable to the Company to communicate in our report.

INDEPENDENT AUDITORS' REPORT continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group is a vertically integrated business, as shown in note 3 to the financial statements. The Group financial statements are a consolidation of a number of reporting units, comprising the Group's sales, manufacturing and distribution businesses and centralised functions, and a number of non-trading Group entities.

Accordingly, of the Group's reporting units, we identified five (being the Company and four trading entities) that, in our view, required an audit of their complete financial information, either due to their size or their risk characteristics. These entities accounted for 80% of consolidated revenues and 89% of consolidated profit before tax. The audit of these five reporting units was performed by the Group engagement team. This, together with additional procedures performed, including analytical procedures and certain tests of details over specific balances and transactions, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	***Company financial statements***
Overall materiality	£3,727,000 (2017: £1,900,000).	£384,000 (2017: £397,000).
How we determined it	5% of consolidated profit before tax.	1% of total assets.
Rationale for benchmark applied	Based on the benchmarks used in the annual report, profit before tax is the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark.	Due to the nature of the entity, being that of a holding company which has large investments, total assets is deemed the most appropriate benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £2,000,000 to £3,350,000.

We agreed with the audit committee that we would report to them misstatements identified during our audit above £150,000 (Group audit) (2017: £90,000) and £19,000 (Company audit) (2017: £20,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	***Outcome***
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.
We are required to report if the directors' statement relating to going concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Reporting on other information continued

With respect to the strategic report, directors' report and corporate governance report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic report and directors' report In our opinion, based on the work undertaken in the course of the audit, the information given in the strategic report and directors' report for the year ended 3 June 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)* In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the strategic report and directors' report. *(CA06)*
Corporate governance report In our opinion, based on the work undertaken in the course of the audit, the information given in the corporate governance report (on pages 18 to 21) about internal controls and risk management systems in relation to financial reporting processes and about share capital structures in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ('DTR') is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)* In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in this information. *(CA06)* In our opinion, based on the work undertaken in the course of the audit, the information given in the corporate governance report (on pages 18 to 21) with respect to the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. *(CA06)* We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Company. *(CA06)*
The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group We have nothing material to add or draw attention to regarding: • The directors' confirmation on page 12 of the annual report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. • The disclosures in the annual report that describe those risks and explain how they are being managed or mitigated. The directors' explanation on page 17 of the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making enquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the 'Code'); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (Listing Rules)
Other Code Provisions We have nothing to report in respect of our responsibility to report when: • The statement given by the directors, on page 32, that they consider the annual report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit. • The section of the annual report on page 19 and 20 describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee. • The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.
Directors' remuneration In our opinion, the part of the remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006. *(CA06)*

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 32, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT continued

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 17 January 2005 to audit the financial statements for the year ended 29 May 2005 and subsequent financial periods. The period of total uninterrupted engagement is 14 years, covering the years ended 29 May 2005 to 3 June 2018.

Andrew Lyon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
30 July 2018

CONSOLIDATED INCOME STATEMENT

	Notes	**53 weeks ended 3 June 2018 £000**	52 weeks ended 28 May 2017 £000
Revenue	3	**219,868**	158,114
Cost of sales		**(62,783)**	(43,691)
Gross profit		**157,085**	114,423
Operating expenses	3,4	**(92,383)**	(83,591)
Other operating income – royalties receivable		**9,893**	7,491
Operating profit	3	**74,595**	38,323
Finance income	6	**90**	87
Finance costs	7	**(139)**	(7)
Profit before taxation	8	**74,546**	38,403
Income tax expense	9	**(14,867)**	(7,856)
Profit attributable to owners of the parent	26	**59,679**	30,547

Earnings per share for profit attributable to the owners of the parent during the period (expressed in pence per share):

	Notes	**53 weeks ended 3 June 2018**	52 weeks ended 28 May 2017
Basic earnings per ordinary share	10	**185.0p**	95.1p
Diluted earnings per ordinary share	10	**182.3p**	94.5p

STATEMENTS OF COMPREHENSIVE INCOME

		Group		Company	
	Notes	**53 weeks ended 3 June 2018 £000**	52 weeks ended 28 May 2017 £000	**53 weeks ended 3 June 2018 £000**	52 weeks ended 28 May 2017 £000
Profit attributable to owners of the parent		**59,679**	30,547	**38,494**	26,594
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of foreign operations	25	**(353)**	2,663	**-**	-
Other comprehensive (expense)/income for the period		**(353)**	2,663	**-**	-
Total comprehensive income attributable to owners of the parent		**59,326**	33,210	**38,494**	26,594

As permitted by section 408 of the Companies Act 2006, the Company's income statement has not been included in these financial statements.

The notes on pages 43 to 62 are an integral part of these financial statements.

BALANCE SHEETS

	Notes	Group 3 June 2018 £000	Group 28 May 2017 £000	Company 3 June 2018 £000	Company 28 May 2017 £000
Non-current assets					
Goodwill	12	**1,433**	1,433	**-**	-
Other intangible assets	13	**14,195**	12,917	**-**	-
Property, plant and equipment	14	**30,072**	22,132	**-**	-
Investments in subsidiaries	15	**-**	-	**30,584**	30,584
Deferred tax assets	16	**6,559**	5,399	**1**	29
Trade and other receivables	18	**1,409**	1,081	**3,954**	3,957
		53,668	42,962	**34,539**	34,570
Current assets					
Inventories	17	**20,159**	12,421	**-**	-
Trade and other receivables	18	**13,400**	12,976	**1,537**	4,401
Current tax assets		**457**	596	**-**	-
Cash and cash equivalents	19	**28,545**	17,910	**2,289**	746
		62,561	43,903	**3,826**	5,147
Total assets		**116,229**	86,865	**38,365**	39,717
Current liabilities					
Trade and other payables	21	**(22,028)**	(16,515)	**(195)**	(656)
Current tax liabilities		**(7,828)**	(5,840)	**-**	-
Provisions for other liabilities and charges	23	**(691)**	(689)	**-**	-
		(30,547)	(23,044)	**(195)**	(656)
Net current assets		**32,014**	20,859	**3,631**	4,491
Non-current liabilities					
Other non-current liabilities	22	**(667)**	(494)	**-**	-
Provisions for other liabilities and charges	23	**(537)**	(495)	**-**	-
		(1,204)	(989)	**-**	-
Net assets		**84,478**	62,832	**38,170**	39,061
Capital and reserves					
Called up share capital	24	**1,617**	1,607	**1,617**	1,607
Share premium account	24	**11,571**	10,599	**11,571**	10,599
Other reserves	25	**3,977**	4,330	**101**	101
Retained earnings	26	**67,313**	46,296	**24,850**	26,754
Total equity		**84,478**	62,832	**38,139**	39,061

The Company's profit after taxation for the period ended 3 June 2018 is £38,494,000 (2017: £26,594,000).

The notes on pages 43 to 62 are an integral part of these financial statements.

The financial statements on pages 39 to 62 were approved by the board of directors on 30 July 2018 and were signed on its behalf by:

K D Rountree, Director

R F Tongue, Director

Registered number 2670969

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Called up share capital £000	Share premium account £000	Other reserves (note 25) £000	Retained earnings (note 26) £000	Total equity £000
At 29 May 2016 and 30 May 2016	1,606	10,519	1,667	39,371	53,163
Profit for the 52 weeks to 28 May 2017	-	-	-	30,547	30,547
Exchange differences on translation of foreign operations	-	-	2,663	-	2,663
Total comprehensive income for the period	-	-	2,663	30,547	33,210
Transactions with owners:					
Share-based payments	-	-	-	160	160
Shares issued under employee sharesave scheme (note 24)	1	80	-	-	81
Deferred tax credit relating to share options	-	-	-	14	14
Current tax credit relating to exercised share options	-	-	-	5	5
Dividends declared to Company shareholders	-	-	-	(23,801)	(23,801)
Total transactions with owners	1	80	-	(23,622)	(23,541)
At 28 May 2017 and 29 May 2017	1,607	10,599	4,330	46,296	62,832
Profit for the 53 weeks to 3 June 2018	-	-	-	59,679	59,679
Exchange differences on translation of foreign operations	-	-	(353)	-	(353)
Total comprehensive (expense)/income for the period	**-**	**-**	**(353)**	**59,679**	**59,326**
Transactions with owners:					
Share-based payments	-	-	-	204	204
Shares issued under employee sharesave scheme (note 24)	10	972	-	-	982
Deferred tax credit relating to share options	-	-	-	1,050	1,050
Current tax credit relating to exercised share options	-	-	-	686	686
Dividends declared to Company shareholders	-	-	-	(40,602)	(40,602)
Total transactions with owners	**10**	**972**	**-**	**(38,662)**	**(37,680)**
At 3 June 2018	**1,617**	**11,571**	**3,977**	**67,313**	**84,478**

COMPANY STATEMENT OF CHANGES IN TOTAL EQUITY

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings (note 26) £000	Total equity £000
At 29 May 2016 and 30 May 2016	1,606	10,519	101	23,801	36,027
Profit for the 52 weeks to 28 May 2017	-	-	-	26,594	26,594
Total comprehensive income for the period	-	-	-	26,594	26,594
Transactions with owners:					
Share-based payments	-	-	-	160	160
Shares issued under employee sharesave scheme (note 24)	1	80	-	-	81
Dividends declared to Company shareholders	-	-	-	(23,801)	(23,801)
Total transactions with owners	1	80	-	(23,641)	(23,560)
At 28 May 2017 and 29 May 2017	1,607	10,599	101	26,754	39,061
Profit for the 53 weeks to 3 June 2018	-	-	-	38,494	38,494
Total comprehensive income for the period	**-**	**-**	**-**	**38,494**	**38,494**
Transactions with owners:					
Share-based payments	-	-	-	204	204
Shares issued under employee sharesave scheme (note 24)	10	972	-	-	982
Dividends declared to Company shareholders	-	-	-	(40,602)	(40,602)
Total transactions with owners	**10**	**972**	**-**	**(40,398)**	**(39,416)**
At 3 June 2018	**1,617**	**11,571**	**101**	**24,850**	**38,139**

The notes on pages 43 to 62 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

		Group		Company	
		53 weeks ended 3 June 2018	52 weeks ended 28 May 2017	**53 weeks ended 3 June 2018**	52 weeks ended 28 May 2017
	Notes	**£000**	£000	**£000**	£000
Cash flows from operating activities					
Cash generated from operations	27	**82,332**	49,370	**39,262**	25,511
UK corporation tax paid		**(10,852)**	(5,212)	**-**	-
Overseas tax paid		**(1,375)**	(270)	**-**	-
Net cash generated from operating activities		**70,105**	43,888	**39,262**	25,511
Cash flows from investing activities					
Purchases of property, plant and equipment		**(14,697)**	(5,409)	**-**	-
Purchases of other intangible assets		**(1,496)**	(1,749)	**-**	-
Expenditure on product development	13	**(5,387)**	(5,686)	**-**	-
Interest received		**99**	87	**-**	8
Net cash (used in)/generated from investing activities		**(21,481)**	(12,757)	**-**	8
Cash flows from financing activities					
Proceeds from issue of ordinary share capital	24	**982**	81	**982**	81
Interest paid		**(138)**	(4)	**-**	-
Loans to Company shareholders		**-**	(1,901)	**-**	(1,901)
Dividends paid to Company shareholders	11	**(38,701)**	(23,801)	**(38,701)**	(23,801)
Net cash used in financing activities		**(37,857)**	(25,625)	**(37,719)**	(25,621)
Net increase/(decrease) in cash and cash equivalents		**10,767**	5,506	**1,543**	(102)
Opening cash and cash equivalents		**17,910**	11,775	**746**	843
Effects of foreign exchange rates on cash and cash equivalents		**(132)**	629	**-**	5
Closing cash and cash equivalents	19	**28,545**	17,910	**2,289**	746

The notes on pages 43 to 62 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information
Games Workshop Group PLC (the 'Company') and its subsidiaries (together the 'Group') designs and manufactures miniature figures and games and distributes these through its own network of retail stores, independent retailers and online via the global web stores. The Group has manufacturing activities in the UK and sells mainly in the UK, Continental Europe, North America, Australia, New Zealand and Asia.

The Company is a public listed company, incorporated and domiciled in the United Kingdom. The address of its registered office is Willow Road, Lenton, Nottingham, NG7 2WS, United Kingdom.

The Company's ordinary share capital is listed on the London Stock Exchange.

2. Summary of significant accounting policies
The principal accounting policies applied in these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation
These financial statements are prepared under the going concern basis and in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IC) interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to those companies reporting under IFRSs.

The consolidated financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation
The consolidated financial statements include the Company and its subsidiary undertakings drawn up for the 53 weeks ended 3 June 2018 and the 52 weeks ended 28 May 2017. Subsidiaries are entities over which the Group has the power to govern the financial and operating policies and are fully consolidated from the date on which control is transferred to the Group.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated on consolidation. Accounting policies of subsidiaries are consistent with the policies adopted by the Group. The financial statements of all subsidiaries are prepared to the same reporting date as the parent Company with the exception of the financial statements of Games Workshop Good Hobby (Shanghai) Commercial Co. Ltd which are prepared to 31 December. The management accounts of Games Workshop Good Hobby (Shanghai) Commercial Co. Ltd, prepared to 3 June 2018 and 28 May 2017, have been used for consolidation purposes.

Goodwill
Goodwill arising on acquisition of subsidiaries represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment, or when an indicator of impairment arises, and is carried at cost less accumulated impairment losses. Provision is made for any impairment by comparing the value in use to the net carrying value. Goodwill is allocated to cash generating units for the purpose of impairment testing.

Goodwill arising on acquisitions prior to 31 May 1998 was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard, the goodwill previously written off to reserves has not been reinstated in the balance sheet.

Other intangible assets
Development costs
Costs incurred in respect of product design and development activities are recognised as intangible assets when they meet the criteria of IAS 38 'Intangible Assets' and are wholly attributable to specific projects. Product development costs recognised as intangible assets are amortised on a reducing balance basis with rates ranging from 50% to 80% to match the expenditure incurred to the expected revenue generated from the subsequent product release. However, there are some design costs which do not meet the recognition criteria and are therefore not capitalised, and are shown in note 8.

Computer software
Acquired computer software licences and related development expenditure are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Computer software licences are held at cost and amortised on a straight line basis over the expected useful lives of the assets. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when they meet the criteria of IAS 38 'Intangible Assets'.

Other development expenditure that does not meet these criteria is recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. The principal annual amortisation rates are:

	% of cost
Core business systems computer software	15-33
Web store computer software	20
Other computer software	33-50

NOTES TO THE FINANCIAL STATEMENTS continued

2. Summary of significant accounting policies continued

Property, plant and equipment
Property, plant and equipment are stated at cost, net of accumulated depreciation and any provision for impairment. The cost of property, plant and equipment is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated over the expected useful economic lives of the assets concerned to write down to the asset's residual value and commences from the date the asset is available for use. The principal annual depreciation rates are:

	Straight line % of cost	Reducing balance % of net book value
Freehold buildings	2-4	-
Plant and equipment and vehicles	15-33	-
Fixtures and fittings	20-25	-
Moulding tools – product specific	-	65
Moulding tools – non-product specific	25	-

Leasehold improvements are depreciated over the shorter of the useful economic life of the asset or the period of the lease. These assets are included within fixtures and fittings. Freehold land is not depreciated.

Impairment of assets
Assets are tested for impairment in accordance with IAS 36 'Impairment of Assets'. For the purposes of assessing impairment, assets are grouped together at the lowest levels for which there are separately identifiable cash flows. Discount rates reflecting the asset specific risks and the time value of money are used for the value in use calculation.

Trade receivables
Trade receivables are recognised initially at fair value, which is typically the original invoice amount, and carried at amortised cost using the effective interest method. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is recognised in the income statement immediately.

Leases
Operating leases
Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Group's commitment in respect of its retail stores is included within this category. Payments in respect of operating leases and any benefits received as an incentive to sign a lease, are charged or credited to the income statement on a straight line basis over the period of the entire lease term.

Inventories
Inventories are valued at the lower of cost and net realisable value. Cost is determined using a standard costing method taking into account variances. In respect of finished goods, cost includes raw materials, direct labour, other direct costs and related production overheads based on a normal level of production. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Where necessary provisions are made for obsolete, slow moving and defective inventories.

Foreign currency translation
The consolidated financial statements are presented in sterling, which is the Company's functional and presentation currency. Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). Monetary assets and liabilities expressed in currencies that are not the functional currency are translated into the functional currency at rates of exchange ruling at the balance sheet date. The financial statements of overseas subsidiary companies prepared in functional currencies other than sterling are translated into sterling as follows:

- Assets and liabilities are translated at the closing rate at the date of the balance sheet;
- Income and expenses are translated at the average rate for the period;
- All resulting exchange differences are recognised as a separate component of equity.

Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise deposits with banks and bank and cash balances, net of overdrafts where there is a legally enforceable right of offset.

Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Other employee benefits
Pension costs
The Group operates defined contribution schemes and a group personal pension plan. Pension contributions are charged to the income statement as they accrue. There are no further obligations to the Group once payment has been made.

Bonus and incentive plans
The costs of annual bonus schemes are charged to the income statement as they accrue.

Long service benefits
The Group operates a long service incentive scheme under which employees receive a one off additional holiday entitlement of two weeks when they reach 10 years of employment (10 Year Veterans). The costs of these benefits are accrued over the period of employment based on expected staff retention rates and the anticipated future employment costs discounted to present value.

2. Summary of significant accounting policies continued

Other employee benefits continued

Share-based payment

The Group operates a number of equity-settled employee sharesave schemes. The fair value of the employee services received under such schemes is recognised as an expense in the income statement with a corresponding increase in equity over the vesting period.

Investments

Shares and loans in subsidiary undertakings are stated at cost less provision for impairment.

Revenue

Revenue, which excludes value added tax and sales between group companies, represents the invoiced value of goods supplied (net of trade discounts for sales to independent retailers). Revenue is recognised on dispatch of goods to the customer for sales via the global web store and for sales to independent retailers. This represents when the significant risks and rewards of ownership of the goods have transferred to the customer. For revenue earned through the Group's retail stores and for digital products, revenue is recognised at the point of sale. Revenue for magazine subscriptions is recognised on a straight line basis over the subscription period.

Revenue on goods sold to customers on a sale or return basis (which includes book sales) is recognised after making full provision for the level of expected returns, based on past experience. The level of returns is reviewed on a regular basis and the provision is amended accordingly. Revenue on a sale or return basis represents no more than 3% of consolidated revenue (2017: no more than 3%).

Royalty income

Royalty income is recognised in the income statement when it can be reliably measured by reference to the underlying licensee performance, after allowing for expected returns and price protection claims, as notified to the Group by the licensee and following validation of the amounts receivable by the Group. Cash received as guarantees and advances are deferred on balance sheet whilst it is considered probable that future royalty earnings will at least equal the amounts received. Such amounts are recognised in the income statement at the point at which they are earned as royalties. In the event that it is no longer considered probable that future royalty earnings will at least equal the guarantees and advances received, the guarantee and advance payments are taken to the income statement on a straight line basis over the remaining term of the licence agreement.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the 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 executive directors.

Taxation

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

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

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except where it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Dividends

Dividend distributions are recognised in the financial statements in the period in which they are declared.

Provisions for other liabilities and charges

Provisions are recognised in accordance with IAS 37 'Provisions, Contingent Assets and Contingent Liabilities'.

Provisions are made for committed costs outstanding under onerous or vacant property leases and the estimated liability is discounted to its present value. Provisions are made for property dilapidations where a legal obligation exists and when the decision has been made to exit a property, or where the end of the lease commitment is imminent and a reliable estimate of the exit liability can be made. The estimated employee benefit liability arising from the 10 Year Veterans incentive scheme is classified within provisions. Amounts relating to employees who reach 10 years' service in more than one year are classified as non-current. Provisions are made for redundancy costs once the employees affected have a valid expectation that their roles will become redundant.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Financial instruments

All financial assets are classified as 'loans and receivables' and financial liabilities as 'other financial liabilities' (measured at amortised cost) in accordance with IAS 39. Management determines the classification of its financial assets and liabilities at initial recognition.

2. Summary of significant accounting policies continued

Critical accounting estimates and judgements
The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and disclosure of contingencies at the balance sheet date. If in future such estimates and assumptions, which are based on management's best judgement at the date of the consolidated financial statements, deviate from actual circumstances, the original estimates and assumptions will be modified, as appropriate, in the period in which the circumstances change. The following areas are considered of greater complexity and/or particularly subject to the exercise of judgement:

- management estimates and judgements are required in assessing the impairment of assets, including capitalised development costs and fixtures and fittings within loss making retail stores, particularly in relation to the forecasting of future cash flows and the discount rate applied to the cash flows.
- judgement is involved in assessing the exposures in the provisions (including inventory, loss making retail stores, other property, bad debt and returns) and hence in setting the level of the required provisions.

New accounting standards
There are no new accounting standards or interpretations effective in the current period which are relevant to the Group. New standards, amendments to standards and interpretations which have been published but are not yet effective which are relevant to the Group are:

- IFRS 16 'Leases' (effective for the year ending 31 May 2020). Under this new standard all leases will be required to be recognised on balance sheet. Currently under IAS 17 'Leases' only leases categorised as finance leases are recognised on balance sheet, with leases categorised as operating leases not recognised. In broad terms the impact will be to recognise a lease liability and corresponding asset for the operating lease commitments set out in note 29. The Group is assessing the impact of the new standard and has commenced work on a project to manage this change.
- IFRS 15 'Revenue from contracts with customers' (effective for the year ending 2 June 2019). Under this new standard the royalty minimum guarantee income will be recognised on inception of the contract. Currently the minimum guarantee income is deferred and released in line with licensee sales. In addition under the new standard, amounts receivable from customers in respect of delivery charges will be recognised as revenue. Currently these are offset against the carriage cost to the Group within cost of sales. The impact of the adoption of this new standard with respect to the royalty minimum guarantee income on 4 June 2018 will result in restating the results for the 53 weeks ended 3 June 2018 by increasing opening retained earnings by £3.9 million and reducing profit by £0.2 million. The impact of the reclassification of delivery charges to revenue will be a credit to revenue of £1.4 million and a debit to cost of sales of £1.4 million for the 53 weeks ended 3 June 2018.
- IFRS 9 'Financial instruments' (effective for the year ending 2 June 2019). Under this new standard, provisions for impairment of trade receivables will be recognised at an amount based on expected credit losses and will be calculated from the initial recognition of the asset. Currently provisions for impairment of trade receivables are not recognised until there is an indication of impairment. The impact of adopting the new standard is not material to the financial statements.

The Group does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant effect on the financial statements.

3. Segment information

As Games Workshop is a vertically integrated business, management assesses the performance of sales channels and manufacturing and distribution channels separately. At 3 June 2018, the Group is organised as follows:

- Sales channels. These channels sell product to external customers, through the Group's network of retail stores, independent retailers and online via the global web stores. The sales channels have been aggregated into segments where they sell products of a similar nature, have similar production processes, similar customers, similar distribution methods, and if they are affected by similar economic factors. The segments are as follows:
    - Trade. This sales channel sells globally to independent retailers, agents and distributors. It also includes the Group's magazine newsstand business and the distributor sales from the Group's publishing business (Black Library).
    - Retail. This includes sales through the Group's retail stores, the Group's visitor centre in Nottingham and global exhibitions.
    - Online. This includes sales through the Group's global web stores and digital sales through external affiliates.
- Product and supply. This includes the design and manufacture of the products and incorporates the production facility in the UK and the Group logistics and merchandising costs. This also includes adjustments for the profit in stock arising from inter-segment sales and charges for inventory provisions.
- Central costs. These include the Company overheads, head office site costs, marketing costs and the costs of running the Games Workshop Academy.
- Service centre costs. Provides support services (IT, accounting, payroll, personnel, procurement, legal, health and safety, customer services and credit control) to activities across the Group and undertakes strategic projects.
- Royalties. This is royalty income earned from third party licensees after deducting associated licensing costs.

The chief operating decision-maker assesses the performance of each segment based on operating profit, excluding share option charges recognised under IFRS 2, 'Share-based payment', charges in respect of the Group's profit share scheme and the discretionary bonus payments made to employees in both periods presented. This has been reconciled to the Group's total profit before taxation below.

The segment information reported to the executive directors for the period ended 3 June 2018 is as follows:

	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Trade	**94,294**	61,254
Retail	**81,971**	64,848
Online	**43,603**	32,012
Total external revenue	**219,868**	158,114

3. Segment information continued

Segment revenue and segment profit include transactions between business segments; these transactions are eliminated on consolidation. Sales between segments are carried out at arm's length. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the income statement. For information, we analyse external revenue further below:

	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Trade		
UK and Continental Europe	**39,068**	25,442
North America	**41,805**	27,207
Australia and New Zealand	**4,340**	2,472
Asia	**3,857**	2,257
Rest of world	**2,903**	1,580
Black Library	**2,321**	2,296
Total Trade	**94,294**	61,254
Retail		
UK	**27,250**	22,474
Continental Europe	**21,303**	16,859
North America	**22,243**	16,759
Australia and New Zealand	**8,977**	7,471
Asia	**2,198**	1,285
Total Retail	**81,971**	64,848
Online	**43,603**	32,012
Total external revenue	**219,868**	158,114

Operating expenses by segment are regularly reviewed by the executive directors and are provided below:`

	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Trade	**(11,413)**	(10,855)
Retail	**(45,992)**	(42,849)
Online	**(5,672)**	(5,290)
Product and supply	**(3,350)**	(2,618)
Central costs	**(7,598)**	(6,215)
Service centre costs	**(12,664)**	(11,824)
Royalties	**(686)**	(371)
Total segment operating expenses	**(87,375)**	(80,022)
Share-based payment charge	**(204)**	(160)
Profit share scheme charge	**(1,969)**	(444)
Discretionary payment to employees	**(2,835)**	(2,965)
Total group operating expenses	**(92,383)**	(83,591)

Total segment operating profit is as follows and is reconciled to profit before taxation below:

	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Trade	**32,888**	17,956
Retail	**7,185**	461
Online	**27,880**	18,788
Product and supply	**23,887**	16,286
Central costs	**(8,698)**	(6,724)
Service centre costs	**(12,664)**	(11,824)
Royalties	**9,125**	6,949
Total segment operating profit	**79,603**	41,892
Share-based payment charge	**(204)**	(160)
Profit share scheme charge	**(1,969)**	(444)
Discretionary payment to employees	**(2,835)**	(2,965)
Total group operating profit	**74,595**	38,323
Finance income	**90**	87
Finance costs	**(139)**	(7)
Profit before taxation	**74,546**	38,403

NOTES TO THE FINANCIAL STATEMENTS continued

3. Segment information continued

Operating profit as reported above includes impairment, depreciation and amortisation charges as follows:

	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Trade	**(7)**	(8)
Retail	**(1,586)**	(1,574)
Online	**(1,106)**	(1,037)
Product and supply	**(7,746)**	(6,754)
Central costs	**(324)**	(342)
Service centre costs	**(524)**	(1,285)
Royalties	**(2)**	(2)
Total group charges for impairment, depreciation and amortisation	**(11,295)**	(11,002)

Other non-cash charges and significant costs included in operating profit are as follows:

	Net charge to inventory provisions		Redundancy costs and compensation for loss of office	
	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000	**53 weeks ended 3 June 2018 £000**	52 weeks ended 28 May 2017 £000
Trade	**-**	-	**(44)**	(41)
Retail	**-**	-	**(102)**	(361)
Online	**-**	-	**(12)**	(60)
Product and supply	**(3,960)**	(1,376)	**(32)**	-
Central costs	**-**	-	**(48)**	(547)
Total group charge	**(3,960)**	(1,376)	**(238)**	(1,009)

Asset and liability information is not reported to the chief operating decision-maker on a segment basis and therefore has not been disclosed.

External revenue analysed by customer geographical location is as follows:

	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
UK	**52,687**	40,190
Continental Europe	**57,877**	42,672
North America	**83,810**	56,954
Asia Pacific	**23,232**	16,633
Rest of the world	**2,262**	1,665
External revenue	**219,868**	158,114

The Group is not reliant on any one individual customer.

Non-current assets (excluding deferred tax assets) are located in the following countries:

	2018 £000	2017 £000
UK	**42,683**	33,880
All other countries	**4,426**	3,683
Total non-current assets (excluding deferred tax assets)	**47,109**	37,563

Tangible and intangible asset additions included within the UK were £18,837,000 (2017: £11,467,000) and all other countries were £1,787,000 (2017: £1,281,000).

4. Operating expenses

	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Selling costs	**55,639**	50,384
Administrative expenses	**36,744**	33,207
	92,383	83,591

5. Directors and employees

	Group		Company	
	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000	**53 weeks ended 3 June 2018 £000**	52 weeks ended 28 May 2017 £000
Total directors' and employees' costs:				
Wages and salaries	**61,370**	52,528	**1,218**	1,157
Social security	**6,306**	5,813	**159**	143
Other pension costs	**2,343**	2,101	**24**	27
Share-based payment	**204**	160	**3**	2
	70,223	60,602	**1,404**	1,329

Details of capitalised salary costs, included in the above, are provided in note 13. Redundancy costs and compensation for loss of office, not included in the above, are provided in note 8.

Total directors' and employees' costs above include the impact of foreign currency movements in the period. Total directors' and employees' costs for the Group for the 53 weeks ended 3 June 2018 calculated using the average exchange rates for the 52 weeks ended 28 May 2017 are £69,280,000. This includes performance related elements of salary costs, payments under the Group's profit share scheme and the discretionary payment to employees of £7,708,000 (2017: £5,206,000).

Highest paid director

The above includes salary costs of £428,000 (2017: £391,000) and pension costs of £10,000 (2017: £10,000) in respect of the highest paid director.

Key management compensation

The remuneration of the directors and other key management personnel of the Group are set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. This subset of people is different to that referred to as 'senior management' on page 16.

	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Short-term employee benefits	**1,278**	1,254
Post-employment benefits	**30**	29
Share-based payment	**3**	5
	1,311	1,288

Further information relating to directors' emoluments, shareholdings and share options is disclosed in the remuneration report on pages 27 to 29.
Key management are the directors of the Company and the head of design and manufacturing.

Employee numbers

Group	**53 weeks ended 3 June 2018 Number**	Restated 52 weeks ended 28 May 2017 Number
Monthly average number of employees (including executive directors) by activity:		
Design and development	**238**	225
Production and warehousing	**381**	267
Selling:		
- Full time	**804**	746
- Part time	**102**	104
Administration	**382**	371
	1,907	1,713

The monthly average number of employees for the Company was 8 (2017: 7).
The prior period was restated to reclassify warehouse staff from selling to production and warehousing.

6. Finance income

	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Interest income:		
- On cash and cash equivalents	85	87
- Other	5	-
	90	87

7. Finance costs

	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Interest expense:		
- Unwinding of discount on provisions	-	3
- Other interest payable	139	4
	139	7

NOTES TO THE FINANCIAL STATEMENTS continued

8. Profit before taxation

	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Profit before taxation is stated after charging/(crediting):		
Depreciation:		
- Owned property, plant and equipment	6,614	6,107
Reversal of impairment of property, plant and equipment	(20)	(55)
Amortisation:		
- Owned computer software	1,419	1,217
- Development costs	4,130	2,900
Impairment of computer software	-	833
Non-capitalised development costs	5,645	4,299
Staff costs (excluding capitalised salary costs shown in note 13 and non-capitalised development staff costs)	62,157	53,659
Impairment of trade receivables	244	212
Operating leases:		
- Retail stores	9,080	8,857
- Other property	512	611
- Plant and equipment	186	209
- Other	169	137
Cost of inventories included in cost of sales	28,733	25,034
Net inventory provision creation (note 17)	3,960	1,376
Loss on disposal of property, plant and equipment	40	111
Loss on disposal of intangible assets	12	14
Redundancy costs and compensation for loss of office	238	1,009
Net charge/(credit) to property provisions including closed or loss making retail stores (note 23)	73	(185)

Auditors' remuneration and services provided

Services provided by the Group's auditors and network firms are analysed as follows:

	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Audit services		
Audit of the Group and Company's financial statements	**64**	54
Other services		
The audit of the Company's subsidiaries pursuant to legislation	**124**	122
All other services	**50**	4
Total services provided	**238**	180

9. Income tax expense

	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Current UK taxation:		
UK corporation tax on profits for the period	**13,635**	8,217
(Over)/under provision in respect of prior periods	**(160)**	887
	13,475	9,104
Current overseas taxation:		
Overseas corporation tax on profits for the period	**1,638**	587
Over provision in respect of prior periods	**(79)**	(77)
Total current taxation	**15,034**	9,614
Deferred taxation:		
Origination and reversal of timing differences	**(347)**	(477)
Under/(over) provision in respect of prior periods	**180**	(1,281)
Tax expense recognised in the income statement	**14,867**	7,856
Current tax credit relating to sharesave scheme	**(686)**	(5)
Deferred tax credit relating to sharesave scheme	**(1,050)**	(14)
Credit taken directly to equity	**(1,736)**	(19)

9. Income tax expense continued

The tax on the Group's profit before taxation differs in both periods presented from the standard rate of corporation tax in the UK as follows:

	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Profit before taxation	**74,546**	38,403
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.83%)	**14,164**	7,615
Effects of:		
Items not (assessable)/deductible for tax purposes	**(475)**	210
Movement in deferred tax not recognised	**(27)**	-
Higher tax rates on overseas earnings	**198**	348
Tax rate changes	**1,066**	154
Adjustments to tax charge in respect of prior periods	**(59)**	(471)
Total tax charge for the period	**14,867**	7,856

Reductions to the UK corporation tax rate were included in the Finance Act (No. 2) 2015 which reduced the main rate to 19% from 1 April 2017. A further reduction in the UK corporation tax rate was included in the Finance Act 2016 to reduce the rate to 17% from 1 April 2020. These changes had been substantively enacted at the balance sheet date and their impact has therefore been included in these financial statements.

Items not assessable for tax purposes include the release of provisions no longer considered a risk to the Group as well as tax relief for other taxes paid.

The Tax Cuts and Jobs Act was enacted in to US law on 22 December 2017 within which there was a substantial reduction in the US corporate federal tax rate of 35% to 21%, with effect from 1 January 2018. The Group has applied a blended federal tax rate of 29.19% to US taxable profit and 21% to deferred tax assets within the US. The impact of the tax rate change was a charge to the income statement of £984,000 which is included within the £1,066,000 tax rate changes difference above.

On 29 March 2017, the UK Government invoked Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the European Union (the 'EU'). There is an initial two year timeframe for the UK and EU to reach an agreement on the withdrawal, although this timeframe can be extended. There is significant uncertainty about the withdrawal process, its timeframe and the outcome of the negotiations. As a result, there is significant uncertainty as to the period for which the existing EU laws for member states will continue to apply to the UK and which laws will apply to the UK after an exit. At this stage the level of uncertainty is such that it is impossible to determine if, how and when the UK's tax status will change. The directors have assessed the impact and have not identified any significant matters impacting the financial statements.

10. Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period.

	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Profit attributable to owners of the parent (£000)	**59,679**	30,547
Weighted average number of ordinary shares in issue (thousands)	**32,258**	32,126
Basic earnings per share (pence per share)	**185.0**	95.1

Diluted earnings per share
The calculation of diluted earnings per share has been based on the profit attributable to owners of the parent and the weighted average number of shares in issue throughout the period, adjusted for the dilutive effect of share options outstanding at the period end.

	53 weeks ended 3 June 2018 £000	52 weeks ended 28 May 2017 £000
Profit attributable to owners of the parent (£000)	**59,679**	30,547
Weighted average number of ordinary shares in issue (thousands)	**32,258**	32,126
Adjustment for share options (thousands)	**474**	199
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**32,732**	32,325
Diluted earnings per share (pence per share)	**182.3**	94.5

11. Dividends per share

A dividend of 25 pence per share, amounting to a total dividend of £8,031,000, a dividend of 30 pence per share, amounting to a total dividend of £9,638,000, and a further dividend of 19 pence per share, amounting to a total dividend of £6,132,000, were declared and paid during the prior period. A dividend of 20 pence per share, amounting to a total dividend of £6,428,000, a dividend of 35 pence per share, amounting to a total dividend of £11,249,000, a dividend of 30 pence per share, amounting to a total dividend of £9,703,000, and a further dividend of 35 pence per share, amounting to a total dividend of £11,321,000, were declared and paid during the current period. In addition a further £1,901,000 (6 pence per share) was distributed in the current period by way of a rectification dividend. The rectification dividend was satisfied by the release of Company shareholders from the liability to repay the amount received in the prior period in the form of an unlawful dividend.

For the purpose of demonstrating that there were sufficient distributable reserves for interim dividend payments, interim financial statements for the Company were prepared and filed at Companies House in January 2018 and June 2018.

12. Goodwill

Group	**53 weeks ended 3 June 2018 £000**	52 weeks ended 28 May 2017 £000
Cost		
At beginning of period	**2,412**	2,405
Exchange differences	**-**	7
At end of period	**2,412**	2,412
Accumulated amortisation		
At beginning of period	**(979)**	(972)
Exchange differences	**-**	(7)
At end of period	**(979)**	(979)
Net book value at beginning of period and end of period	**1,433**	1,433

The Company had no goodwill at either period end.

Impairment tests for goodwill

The goodwill arose on the acquisition of TJA Tooling Limited, the acquisition of Triple K Plastic Injection Moulding Limited and the purchase by EURL Games Workshop of the lease associated to Heroic Diffusion SARL, which under IFRS amounted to the purchase of a business.

In accordance with the requirements of IAS 36 'Impairment of Assets' the Group completed a review of the carrying value of goodwill as at each period end. The impairment review was performed to ensure that the carrying value of the Group's assets are stated at no more than their recoverable amount, being the higher of fair value less costs to sell and value in use. The key assumptions for the recoverable amount of the goodwill are the long term growth rate and the discount rate. The long term growth rate used is purely for the impairment testing of goodwill under IAS 36 'Impairment of Assets' and does not reflect the long term planning assumptions used by the Group for any other assessments. In determining the value in use, the calculations use cash flow projections for a period no greater than three years based on plans approved by management and, for the Group's cash-generating unit concerned, assumes a long term growth rate no higher than 2% (2017: 2%). The estimated future cash flows expected to arise from the continuing use of the assets are calculated using a pre-tax discount rate of 1.65% (2017: 1.72%).

Management reviewed the planned sales growth and gross margin on the investment in future product releases and initiatives currently being undertaken, to deliver the expected future performance. Goodwill is allocated to the Group's cash-generating units (CGUs) for impairment testing. All of the current goodwill arises in the product and supply segment. Sensitivity analysis has not been disclosed in these financial statements since management consider that there is no reasonably possible change in the key assumptions that would cause the carrying value of goodwill to fall below its recoverable amount.

13. Other intangible assets

Group	Computer software £000	Development costs £000	Total £000
Cost			
At 29 May 2016 and 30 May 2016	13,340	29,832	43,172
Additions	1,690	5,686	7,376
Exchange differences	359	-	359
Disposals	(28)	(879)	(907)
At 28 May 2017 and 29 May 2017	15,361	34,639	50,000
Additions	1,453	5,387	6,840
Exchange differences	(85)	-	(85)
Disposals	(3)	(5,220)	(5,223)
At 3 June 2018	**16,726**	**34,806**	**51,532**
Accumulated amortisation			
At 29 May 2016 and 30 May 2016	(7,053)	(25,618)	(32,671)
Amortisation charge	(1,217)	(2,900)	(4,117)
Exchange differences	(355)	-	(355)
Impairment	(833)	-	(833)
Disposals	28	865	893
At 28 May 2017 and 29 May 2017	(9,430)	(27,653)	(37,083)
Amortisation charge	(1,419)	(4,130)	(5,549)
Exchange differences	84	-	84
Disposals	3	5,208	5,211
At 3 June 2018	**(10,762)**	**(26,575)**	**(37,337)**
Net book amount			
At 28 May 2017	5,931	6,986	12,917
At 3 June 2018	**5,964**	**8,231**	**14,195**

13. Other intangible assets continued

Amortisation of £4,341,000 (2017: £2,936,000) has been charged in cost of sales and £1,208,000 (2017: £1,181,000) in operating expenses.

The net book amount of internally generated intangible assets is £12,147,000 (2017: £9,529,000) and acquired intangible assets is £2,048,000 (2017: £3,388,000). The net book amount of internally generated development costs is £8,231,000 (2017: £6,986,000). £7,202,000 (2017: £5,404,000) is capitalised salary costs.

Salary costs of £4,308,000 (2017: £4,225,000) were capitalised as part of development costs and £298,000 (2017: £348,000) were capitalised as part of computer software during the period.

An impairment of £833,000 in the prior period related to the replacement of the ERP system which was written down to estimated value in use. This was charged in administrative expenses.

Assets in the course of development, and not amortised, amount to £3,972,000 (2017: £3,424,000) with current and prior period amounts both being included within computer software.

The Company had no other intangible assets at either period end.

14. Property, plant and equipment

Group	Freehold land and buildings £000	Plant and equipment and vehicles £000	Fixtures and fittings £000	Moulding tools £000	Total £000
Cost					
At 29 May 2016 and 30 May 2016	16,586	17,224	18,862	27,992	80,664
Additions	34	1,696	1,327	2,315	5,372
Exchange differences	-	504	1,466	1	1,971
Disposals	-	(148)	(281)	(2,413)	(2,842)
At 28 May 2017 and 29 May 2017	16,620	19,276	21,374	27,895	85,165
Additions	2,592	6,781	2,146	3,113	14,632
Exchange differences	-	(120)	(242)	-	(362)
Disposals	-	(126)	(355)	-	(481)
At 3 June 2018	**19,212**	**25,811**	**22,923**	**31,008**	**98,954**
Accumulated depreciation					
At 29 May 2016 and 30 May 2016	(5,423)	(13,824)	(15,386)	(23,410)	(58,043)
Charge for the period	(374)	(1,494)	(1,545)	(2,694)	(6,107)
Exchange differences	-	(444)	(1,224)	(1)	(1,669)
Reversal of impairment	-	-	55	-	55
Disposals	-	102	234	2,395	2,731
At 28 May 2017 and 29 May 2017	(5,797)	(15,660)	(17,866)	(23,710)	(63,033)
Charge for the period	(378)	(1,812)	(1,563)	(2,861)	(6,614)
Exchange differences	-	116	188	-	304
Reversal of impairment	-	1	19	-	20
Disposals	-	116	325	-	441
At 3 June 2018	**(6,175)**	**(17,239)**	**(18,897)**	**(26,571)**	**(68,882)**
Net book amount					
At 28 May 2017	10,823	3,616	3,508	4,185	22,132
At 3 June 2018	**13,037**	**8,572**	**4,026**	**4,437**	**30,072**

Depreciation expense of £4,254,000 (2017: £3,840,000) has been charged in cost of sales, £1,386,000 (2017: £1,492,000) in selling costs and £974,000 (2017: £775,000) in administrative expenses.

Freehold land amounting to £5,569,000 (2017: £3,836,000) has not been depreciated.

Assets in the course of construction, and not depreciated, amount to £3,961,000 (2017: £1,088,000). £785,000 (2017: £553,000) of these are included in moulding tools, £1,859,000 (2017: £385,000) is included in plant and equipment and vehicles, £874,000 (2017: £nil) is included in freehold land and buildings, and £443,000 (2017: £150,000) is included in fixtures and fittings above.

A reversal of impairment of £20,000 (2017: £55,000) relates to fixtures and fittings within loss making retail stores which have previously been written down to estimated value in use. This has been credited in selling costs in both periods.

The Company held no property, plant and equipment at either period end.

NOTES TO THE FINANCIAL STATEMENTS continued

15. Investments in subsidiaries

Company	**2018 £000**	2017 £000
Shares in group undertakings – cost		
Beginning of period and end of period	**30,584**	30,584

Investments in group undertakings are stated at cost less any provision for impairment.

A list of subsidiary undertakings is given below.

Interests in group undertakings

Name of undertaking	Registered address of undertaking	Description of shares held	Proportion of nominal value of issued shares held by: Company	Subsidiary Company	Principal business activity
Games Workshop Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary	100%		Manufacturer, distributor and retailer of games and miniatures
Games Workshop Retail Inc.	6211 East Holmes Road, Memphis, Tennessee, 38141, USA	$1 common stock		100%	Distributor and retailer of games and miniatures
Games Workshop (Queen Street) Limited	3251 Yonge Street, Toronto, Ontario, M4N 2L5, Canada	Can $1		100%	Retailer of games and miniatures
EURL Games Workshop	10, Rue Joseph Serlin, Lyon, 69001, France	euro 1		100%	Retailer of games and miniatures
Games Workshop SL	Aragón 208-210, planta4 puerta 1 08011 Barcelona, España	euro 1		100%	Retailer of games and miniatures
Games Workshop Oz Pty Limited	23 Liverpool Street, Ingleburn, New South Wales 2565, Australia	Aus $1		100%	Distributor and retailer of games and miniatures
Games Workshop Deutschland GmbH	Am Wehrhahn 32, 40211 Düsseldorf, Deutschland	euro 1		100%	Retailer of games and miniatures
Games Workshop Limited	80 Queen Street, Auckland, 1010, New Zealand	NZ $1		100%	Retailer of games and miniatures
Games Workshop Italia SRL	Viale Castro Pretorio 122, 00185 Roma, Italia	euro 1		100%	Retailer of games and miniatures
Games Workshop International Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary	100%		Holding company for overseas subsidiary companies
Games Workshop US Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary		100%	Holding company for US subsidiary companies
Games Workshop US (Holdings) Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary		100%	Intermediary holding company for US subsidiary companies
Games Workshop Good Hobby (Shanghai) Commercial Co. Ltd	153-155 Xujiahui Road, Huangpu Area, Shanghai, 200021, China	Owners capital		100%	Distributor and retailer of games and miniatures
Games Workshop Trustee Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary	100%		Trustee
Games Workshop Stockholm AB	Master Samulesgatan 67, Stockholm 11121, Sweden	SEK 100		100%	Retailer of games and miniatures
Games Workshop Hong Kong Limited	3806 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	HK $1 ordinary		100%	Distributor and retailer of games and miniatures
Games Workshop Hobby Pte. Limited	60 Paya Lebar Road, #09-38, Paya Lebar Square, 409051, Singapore	SG $1 ordinary		100%	Distributor and retailer of games and miniatures
Games Workshop Malaysia Sdn. Bhd.	Level 10 Menara LGB, 1 Jalan Wan Kadir, Taman Tun Dr Ismail, 60000 Kuala Lumpur, Malaysia	MYR 1 ordinary		100%	Distributor and retailer of games and miniatures
Games Workshop Interactive Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary	100%		Dormant
Warhammer Online Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary		100%	Dormant
Citadel Miniatures Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary	100%		Dormant

During the current period, a dormant company incorporated in Hong Kong (Games Workshop Limited) has been dissolved.

All of the above entities are included in the consolidated financial statements for the Group and 100% of the voting rights of all entities is held.

All of the above companies operate principally in their country of incorporation or registration.

The directors consider the value of the investments is supported by the underlying assets of the relevant subsidiary.

16. Deferred tax assets

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The amounts are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Deferred tax assets:				
- deferred tax asset to be recovered after more than 12 months	**2,816**	2,288	**1**	1
- deferred tax asset to be recovered within 12 months	**3,743**	3,111	**-**	28
	6,559	5,399	**1**	29

The gross movement on the deferred tax account is as follows:	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Beginning of period	**5,399**	3,219	**29**	43
Credited/(charged) to the income statement	**167**	1,758	**(28)**	(14)
Credited directly to equity	**1,050**	14	**-**	-
Exchange differences	**(57)**	408	**-**	-
End of period	**6,559**	5,399	**1**	29

Analysis of the movement in deferred tax assets and liabilities is as follows:

Group	Accelerated depreciation £000	Development costs £000	Losses available for offset £000	Other £000	Total £000
At 29 May 2016 and 30 May 2016	1,362	(843)	1,451	1,249	3,219
Credited/(charged) to the income statement	226	791	(683)	1,424	1,758
Credited to equity	-	-	-	14	14
Exchange differences	109	-	166	133	408
At 28 May 2017 and 29 May 2017	1,697	(52)	934	2,820	5,399
Credited/(charged) to the income statement	162	52	(561)	514	167
Credited directly to equity	-	-	-	1,050	1,050
Exchange differences	(5)	-	(45)	(7)	(57)
At 3 June 2018	**1,854**	**-**	**328**	**4,377**	**6,559**

Other deferred tax assets include deferred tax on adjustments for profit in stock arising from intra-group sales of £2,062,000 (2017: £1,475,000), tax relief on exercise of share options of £1,374,000 (2017: £341,000) and tax relief on intangible assets of £173,000 (2017: £278,000).

Deferred tax assets are recognised in respect of tax losses and temporary differences to the extent that the realisation of the related tax benefit through future taxable profits is probable. This is based on a review of the track record of profitability in the country concerned. There was no unrecognised deferred tax at 3 June 2018 or 28 May 2017 in either the Group or the Company.

The Group did not obtain a current tax benefit from previously unrecognised tax losses in either of the periods presented.

Company	Accelerated depreciation £000	Other £000	Total £000
At 29 May 2016 and 30 May 2016	2	41	43
Charged to the income statement	(1)	(13)	(14)
At 28 May 2017 and 29 May 2017	1	28	29
Charged to the income statement	-	(28)	(28)
At 3 June 2018	**1**	**-**	**1**

17. Inventories

Group	**2018 £000**	2017 £000
Raw materials	**425**	188
Work in progress	**873**	405
Finished goods and goods for resale	**18,861**	11,828
	20,159	12,421

The Group holds no inventories at fair value less costs to sell.

During the period, the Group utilised an inventory provision of £1,606,000 (2017: £901,000) and £3,960,000 (2017: £1,376,000) has been charged to the income statement.

The Company holds no inventories at either period end.

NOTES TO THE FINANCIAL STATEMENTS continued

18. Trade and other receivables

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Trade receivables	**5,989**	4,990	**-**	-
Less provision for impairment of receivables	**(385)**	(345)	**-**	-
Trade receivables – net	**5,604**	4,645	**-**	-
Prepayments and accrued income	**6,455**	5,833	**35**	21
Other receivables	**2,750**	1,678	**-**	-
Receivables from group companies	**-**	-	**1,502**	2,479
Loans to group companies	**-**	-	**3,954**	3,957
Loans to Company shareholders	**-**	1,901	**-**	1,901
Total trade and other receivables	**14,809**	14,057	**5,491**	8,358
Non-current receivables:				
Prepayments and accrued income	**65**	222	**-**	-
Other receivables	**1,344**	859	**-**	-
Loans to group companies	**-**	-	**3,954**	3,957
Non-current portion	**1,409**	1,081	**3,954**	3,957
Current portion	**13,400**	12,976	**1,537**	4,401

The loans to Company shareholders of £1,901,000 as at 28 May 2017 were satisfied during the current period by way of a rectification dividend. The Company shareholders were as a result released from the liability to repay the amount received in the prior period in the form of an unlawful dividend.

The effective interest rate on non-current loans to related parties is charged at LIBOR plus 1% in both periods. All non-current receivables are due within five years of the balance sheet date.

Trade receivables are recorded at amortised cost, reduced by estimated allowances for doubtful debts. The fair value of trade and other receivables does not differ materially from the book value. There is no significant concentration of credit risk with respect to trade receivables as the Group has a large number of customers which are internationally dispersed. The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of asset above. The Group does not hold any collateral over these balances.

Trade receivables that are more than three months past due are considered to be impaired unless a payment plan has been agreed with the customer and is being adhered to. Trade receivables that are less than three months past due are not considered impaired unless amounts are specifically identified as irrecoverable. The ageing analysis of the Group's past due trade receivables is as follows:

	2018 Not impaired £000	**2018** Impaired £000	**2018** Total £000	2017 Not impaired £000	2017 Impaired £000	2017 Total £000
Up to 3 months past due	**693**	**2**	**695**	484	3	487
3 to 12 months past due	**4**	**81**	**85**	-	174	174
Over 12 months past due	**-**	**15**	**15**	-	3	3
	697	**98**	**795**	484	180	664

In addition to the above, current debt of £287,000 (2017: £165,000) has been impaired.

Provision for impairment of receivables
Movements on the provision for impairment of trade receivables are as follows:

Group	£000
At 29 May 2016 and 30 May 2016	259
Charge for the period	212
Exchange differences	3
Receivables written off during the period as uncollectible	(129)
At 28 May 2017 and 29 May 2017	345
Charge for the period	244
Exchange differences	(3)
Receivables written off during the period as uncollectible	(201)
At 3 June 2018	**385**

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2018 £000	2017 £000
Sterling	**5,853**	6,927
Euro	**2,409**	1,982
US dollar	**4,316**	3,151
Other currencies	**2,231**	1,997
Total trade and other receivables	**14,809**	14,057

19. Cash and cash equivalents

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Cash at bank and in hand	**28,335**	16,307	**2,289**	746
Short term bank deposits	**210**	1,603	**-**	-
Cash and cash equivalents	**28,545**	17,910	**2,289**	746

The Group's cash and cash equivalents are repayable on demand.

There were no utilised borrowing facilities at 3 June 2018 or 28 May 2017.

20. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), liquidity risk, capital risk and credit risk. The Group's financial risk management objective is to understand the nature and impact of the financial risks and exposures facing the business.

Foreign currency risk
The majority of the Group's business is transacted in sterling, euros and US dollars. The principal currency of the Group is sterling.
The Group is exposed to foreign exchange risk principally via:

- transactional exposure arising from the future sales and purchases that are denominated in a currency other than the functional currency of the transacting company.
- translation exposure arising on investments in foreign operations, where the net assets are denominated in a currency other than sterling.
- loans to non-UK subsidiaries.

The Group does not use foreign currency borrowings or forward foreign currency contracts to hedge foreign currency risk. The level of the Group's exposure to foreign currency risk is regularly reviewed by the Group's finance director and the Group's treasury policies, including hedging policies, are reviewed to ensure they remain appropriate.

Foreign exchange sensitivity
The impact on the Group's financial assets and liabilities from foreign currency volatility is shown in the sensitivity analysis below.

The sensitivity analysis has been prepared based on all material financial assets and liabilities held at the balance sheet date and does not reflect all the changes in revenue or expenses that may result from changing exchange rates. The analysis is prepared for the euro and US dollar given that these represent the major foreign currencies in which financial assets and liabilities are denominated. The sensitivities shown act as a reasonable benchmark considering the movements in currencies over the last two financial periods.

The following assumptions were made in calculating the sensitivity analysis:

- financial assets and liabilities (including financial instruments) are only considered sensitive to movements in foreign currency exchange rates where they are not in the functional currency of the entity that holds them.
- translation of results of overseas subsidiaries is excluded.

Using the above assumptions, the following table shows the sensitivity of the Group's income statement to movements in foreign exchange rates on US dollar and euro financial assets and liabilities:

	2018	2017
	Income gain	Income gain
Group	**£000**	£000
15% appreciation of the US dollar (2017: 15%)	**957**	561
15% appreciation of the euro (2017: 15%)	**3**	28

A depreciation of the stated currencies would have an equal and opposite effect.

There is no impact on equity gains or losses.

Interest rate risk
The Group no longer has a significant exposure to interest rate risk and hence no interest rate sensitivity has been shown.

Credit risk
Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to independent retailers.
The Group controls credit risk from a treasury perspective by only entering into transactions involving financial instruments with authorised counter-parties with a credit rating of at least 'A', and by ensuring that such positions are monitored regularly. Credit risk on cash and short term deposits is limited because the counter-parties are banks with high credit ratings assigned by international credit rating agencies.

There is no significant concentration of credit risk with respect to trade receivables, as the Group has a large number of customers that are internationally dispersed. Policies are also in place to ensure the wholesale sales of products are made to customers with an appropriate credit history and credit limits are periodically reviewed. Amounts recoverable from customers are reviewed on an ongoing basis and appropriate provision made for bad and doubtful debts (note 18). Provision requirements are determined with reference to ageing of invoices, credit history and other available information.

Sales made through our own retail stores or our global web stores are made in cash or with major credit cards.

NOTES TO THE FINANCIAL STATEMENTS continued

20. Financial risk factors continued

Capital risk
The capital structure of the Group consists of net funds (see note 28) and owners' equity (see notes 24 to 26). The Group manages its capital to safeguard the ability to operate as a going concern and to optimise returns to shareholders. The Group's objective is not to use long term debt to finance the business. Overdraft facilities will be used to finance the working capital cycle if required.

The Group manages its capital structure and makes adjustments to it in light of changes to economic conditions and its strategic objectives. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, buy back shares and cancel them or issue new shares. The Group uses return on capital employed to assess capital asset performance.

Liquidity risk
Liquidity is managed by maintaining sufficient cash balances to meet working capital needs.

Cash flow requirements are monitored by short and long term rolling forecasts both within the local operating units and for the overall Group. In addition, the Group's liquidity management policy involves projecting cash flows in the major currencies and considers the level of liquid assets necessary to meet these, monitoring working capital levels and liquidity ratios.

The undiscounted contractual cash flows of the Group's financial liabilities, including interest charges where applicable, are shown below. All trade payables are contractually due within 12 months and therefore the fair values do not differ from their carrying values.

	2018				2017			
Group	**Within 1 year £000**	**Between 1 and 2 years £000**	**Between 2 and 5 years £000**	**More than 5 years £000**	Within 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	More than 5 years £000
Trade and other payables	**17,744**	**-**	**-**	**-**	11,448	-	-	-
Provisions for property	**430**	**20**	**10**	**-**	433	47	24	-
	18,174	**20**	**10**	**-**	11,881	47	24	-

Company	**Within 1 year 2018 £000**	Within 1 year 2017 £000
Trade and other payables	**167**	606
	167	606

Financial instruments by category

	Group Loans and receivables		Company Loans and receivables	
	2018 £000	2017 £000	**2018 £000**	2017 £000
Financial assets as per balance sheet				
Trade receivables	**5,604**	4,645	**-**	-
Accrued income	**86**	1,035	**-**	-
Other receivables	**2,750**	1,678	**-**	-
Receivables from group companies	**-**	-	**1,502**	2,479
Loans to group companies	**-**	-	**3,954**	3,957
Loans to Company shareholders	**-**	1,901	**-**	1,901
Cash and cash equivalents	**28,545**	17,910	**2,289**	746
Total	**36,985**	27,169	**7,745**	9,083

As at 28 May 2017 there was a financial asset in relation to financing activities for loans to Company shareholders of £1,901,000 which was settled during the current period by way of a rectification dividend. Prepayments have been excluded from the above as they are not financial assets.

	Group Financial liabilities at amortised cost		Company Financial liabilities at amortised cost	
	2018 £000	2017 £000	**2018 £000**	2017 £000
Financial liabilities as per balance sheet				
Trade payables	**9,129**	5,480	**9**	40
Other payables	**5,095**	3,539	**2**	5
Accruals	**3,520**	2,429	**126**	241
Payables to group companies	**-**	-	**30**	320
Total	**17,744**	11,448	**167**	606

Deferred income balances and other taxes and social security payables have been excluded from the above as they are not financial liabilities.

21. Trade and other payables

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Current				
Trade payables	**9,129**	5,480	**9**	40
Other taxes and social security	**1,003**	1,207	**28**	50
Other payables	**5,095**	3,539	**2**	5
Accruals	**4,352**	3,052	**126**	241
Deferred income	**2,449**	3,237	**-**	-
Payables to group companies	**-**	-	**30**	320
	22,028	16,515	**195**	656

The fair value of trade and other payables does not materially differ from the book value.

22. Other non-current liabilities

	Group		Company	
	2018	2017	**2018**	2017
	£000	£000	**£000**	£000
Accruals	**667**	494	**-**	-

The fair value of other non-current liabilities does not materially differ from the book value.

The carrying amounts of the Group's trade and other payables and other non-current liabilities are denominated in the following currencies:

	2018	2017
	£000	£000
Sterling	**11,684**	8,841
Euro	**2,800**	1,882
US dollar	**6,520**	4,937
Other currencies	**1,691**	1,349
Total trade and other payables and other non-current liabilities	**22,695**	17,009

23. Provisions for other liabilities and charges

Analysis of total provisions:

	2018	2017
Group	**£000**	£000
Current	**691**	689
Non-current	**537**	495
Total provisions for other liabilities and charges	**1,228**	1,184

	Employee benefits	Property	Total
Group	£000	£000	£000
At 29 May 2017	680	504	1,184
Charged/(credited) to the income statement:			
- Additional provisions	329	196	525
- Unused amounts reversed	(78)	(123)	(201)
Exchange differences	(11)	(1)	(12)
Utilised	(152)	(116)	(268)
At 3 June 2018	**768**	**460**	**1,228**

The Company had no provisions at either period end. The fair value of provisions does not differ from the book value.

Employee benefits
The Group operates a long service incentive scheme under which employees receive a one off additional holiday entitlement of two weeks when they reach 10 years of employment (10 Year Veterans). The cost of this benefit is accrued over the period of employment based on expected staff retention rates and the anticipated employment costs and are utilised once an employee reaches 10 years of employment.

Property provisions
Property provisions relate to property dilapidations and to committed costs outstanding under onerous or vacant lease commitments and will diminish over the lives of the underlying leases. The above provision is expected to be utilised by 2021. The estimated liability is discounted to its present value using a discount rate of 0.72% (2017: 0.55%).

NOTES TO THE FINANCIAL STATEMENTS continued

24. Share capital

Group and Company	Number of shares (thousands)	Called up share capital £000	Share premium account £000	Total £000
At 30 May 2016	32,121	1,606	10,519	12,125
Shares issued under employee sharesave scheme	14	1	80	81
At 28 May 2017	32,135	1,607	10,599	12,206
Shares issued under employee sharesave scheme	214	10	972	982
At 3 June 2018	**32,349**	**1,617**	**11,571**	**13,188**

During the period 213,996 ordinary shares were issued (2017: 14,086). The total authorised number of shares is 42,000,000 shares (2017: 42,000,000 shares) with a par value of 5p per share (2017: 5p per share). All issued shares are fully paid.

25. Other reserves

	2018				2017			
Group	**Capital redemption reserve £000**	**Translation reserve £000**	**Other reserve £000**	**Total £000**	Capital redemption reserve £000	Translation reserve £000	Other reserve £000	Total £000
Beginning of period	**101**	**5,279**	**(1,050)**	**4,330**	101	2,616	(1,050)	1,667
Exchange differences on translation of foreign operations	**-**	**(353)**	**-**	**(353)**	-	2,663	-	2,663
End of period	**101**	**4,926**	**(1,050)**	**3,977**	101	5,279	(1,050)	4,330

The other reserve was created on flotation following a payment to the previous holders of the Company's ordinary shares.

As at 3 June 2018, the Company's capital redemption reserve was £101,000 (2017: £101,000). The Company had no other reserves in addition to the capital redemption reserve at either period end.

26. Retained earnings

	Group £000	Company £000
At 29 May 2016 and 30 May 2016	39,371	23,801
Profit attributable to owners of the parent	30,547	26,594
Current tax on share options	5	-
Deferred tax on share options	14	-
Share-based payments	160	160
Dividends to Company shareholders	(23,801)	(23,801)
At 28 May 2017 and 29 May 2017	46,296	26,754
Profit attributable to owners of the parent	59,679	38,494
Current tax on share options	686	-
Deferred tax on share options	1,050	-
Share-based payments	204	204
Dividends to Company shareholders	(40,602)	(40,602)
At 3 June 2018	**67,313**	**24,850**

27. Reconciliation of profit/(loss) to net cash from operating activities

	Group		Company	
	2018 £000	2017 £000	**2018 £000**	2017 £000
Operating profit/(loss)	**74,595**	38,323	**(1,844)**	(1,664)
Depreciation of property, plant and equipment	**6,614**	6,107	**-**	-
Net reversal of impairment of property, plant and equipment	**(20)**	(55)	**-**	-
Loss on disposal of property, plant and equipment (see below)	**40**	111	**-**	-
Impairment of intangible assets	**-**	833	**-**	-
Loss on disposal of intangible assets (see below)	**12**	14	**-**	-
Amortisation of capitalised development costs	**4,130**	2,900	**-**	-
Amortisation of other intangibles	**1,419**	1,217	**-**	-
Share-based payments	**204**	160	**-**	-
Dividend income from investments in subsidiary undertakings	**-**	-	**40,000**	27,900
Changes in working capital:				
- Increase in inventories	**(7,948)**	(2,984)	**-**	-
- (Increase)/decrease in trade and other receivables	**(2,800)**	(379)	**1,504**	(522)
- Increase/(decrease) in trade and other payables	**6,031**	3,491	**(398)**	(203)
- Increase/(decrease) in provisions	**55**	(368)	**-**	-
Net cash from operating activities	**82,332**	49,370	**39,262**	25,511

27. Reconciliation of profit/(loss) to net cash from operating activities continued

In the cash flow statement, proceeds from the sale of property, plant and equipment comprise:

	2018	2017
	£000	£000
Net book amount	**40**	111
Loss on sale of property, plant and equipment	**(40)**	(111)
Proceeds from sale of property, plant and equipment	**-**	-

The Company sold no property, plant and equipment during either period.

The Group disposed of intangible assets with a net book amount of £12,000 during the period (2017: £14,000). There were no proceeds on disposal in either period and hence a loss on disposal equivalent to the net book value was recorded.

The Company sold no other intangibles during either period.

28. Analysis of net funds

	As at	Cash	Exchange	**As at**
	29 May 2017	flow	movement	**3 June 2018**
Group	£000	£000	£000	**£000**
Cash at bank and in hand	17,910	10,767	(132)	**28,545**
Net funds	17,910	10,767	(132)	**28,545**

	As at	Cash	Exchange	**As at**
	29 May 2017	flow	movement	**3 June 2018**
Company	£000	£000	£000	**£000**
Cash at bank and in hand	746	1,543	-	**2,289**
Net funds	746	1,543	-	**2,289**

29. Commitments

Capital commitments
Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	2018	2017
Group	**£000**	£000
Property, plant and equipment	**2,665**	1,102

The Company had no capital commitments at either period end.

Operating lease commitments
The future aggregate minimum lease payments under non-cancellable operating leases are payable as follows:

		2018			2017	
		Other			Other	
	Retail stores	**property**	**Other**	Retail stores	property	Other
Group	**£000**	**£000**	**£000**	£000	£000	£000
Within 1 year	**8,226**	**513**	**73**	7,767	544	105
Between 1 and 5 years inclusive	**13,823**	**1,709**	**41**	13,072	62	98
In over 5 years	**284**	**-**	**-**	259	-	-
	22,333	**2,222**	**114**	21,098	606	203

The Company had no operating lease commitments at either period end.

Inventory purchase commitments

	2018	2017
Group	**£000**	£000
Finished goods	**2,587**	2,587
Components	**2,625**	1,316
Raw materials	**304**	110

The Company had no inventory purchase commitments at either period end.

Pension arrangements
The Group and Company operate defined contribution schemes. Commitments in respect of pensions are included within prepayments and accruals.

NOTES TO THE FINANCIAL STATEMENTS continued

30. Contingencies

The Company provides indemnities to third parties in respect of contracts regarding their use of the Group's intellectual property, under commercial terms in the normal course of business.

The Company has also guaranteed the bank overdrafts of certain Group undertakings. There were no amounts outstanding under these arrangements at either period end.

For the period ended 3 June 2018, the subsidiary companies listed below are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A. As a result, the Company guarantees all outstanding liabilities to which the subsidiary companies are subject.

Name of undertaking	Country of incorporation or registration	Company registration number
Games Workshop Limited	England and Wales	1467092
Games Workshop International Limited	England and Wales	2924330
Games Workshop US Limited	England and Wales	7462905
Games Workshop US (Holdings) Limited	England and Wales	4428814

31. Related-party transactions

During the period the Company provided management and similar services to Games Workshop Limited, a subsidiary undertaking.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation for the Group.

Transactions between the Company and its subsidiaries are shown below:

Subsidiary	Nature of transaction	**2018 £000**	2017 £000
Games Workshop Limited	Recharges	**122**	366
	Dividends receivable	**35,000**	27,900
Games Workshop International Limited	Dividends receivable	**5,000**	-

Receivables/(payables) outstanding between the Company and its subsidiaries are shown below:

	Amounts owed by subsidiaries		Amounts owed to subsidiaries	
Subsidiary	**2018 £000**	2017 £000	**2018 £000**	2017 £000
Games Workshop Limited	**1,499**	2,268	**-**	-
Games Workshop Retail Inc.	**-**	203	**(7)**	-
EURL Games Workshop	**1**	2	**-**	-
Games Workshop SL	**-**	1	**-**	-
Games Workshop Oz Pty Limited	**-**	1	**(3)**	-
Games Workshop Deutschland GmbH	**2**	1	**-**	-
Games Workshop International Limited	**-**	-	**-**	(320)
Games Workshop (Queen Street) Limited	**-**	3	**(8)**	-
Games Workshop Stockholm AB	**-**	-	**(12)**	-
	1,502	2,479	**(30)**	(320)

Non-current loans outstanding between the Company and its subsidiaries are shown below:

	Amounts owed by subsidiaries	
Subsidiary	**2018 £000**	2017 £000
Games Workshop Interactive Limited	**6,779**	6,779
Less provision for impairment	**(6,779)**	(6,779)
Games Workshop Limited	**3,900**	3,900
Games Workshop Hong Kong Limited	**52**	55
Games Workshop Malaysia Sdn. Bhd.	**2**	2
	3,954	3,957

There were no other material related-party transactions during either period other than the directors' remuneration included in note 5.

32. Subsequent events

A dividend of 30 pence per share was declared after the balance sheet date and was paid before the signing of these financial statements.

FIVE YEAR SUMMARY

	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000
Revenue	**219,868**	158,114	118,069	119,132	123,501
Operating profit – pre-exceptional items and royalties receivable	**64,702**	30,832	10,921	14,937	15,355
Exceptional items	**-**	-	-	42	(4,500)
Royalties receivable	**9,893**	7,491	5,939	1,498	1,442
Operating profit	**74,595**	38,323	16,860	16,477	12,297
Finance income	**90**	87	93	109	106
Finance costs	**(139)**	(7)	(5)	(1)	(7)
Profit before taxation	**74,546**	38,403	16,948	16,585	12,396
Income tax expense	**(14,867)**	(7,856)	(3,452)	(4,328)	(4,389)
Profit attributable to owners of the parent	**59,679**	30,547	13,496	12,257	8,007
Basic earnings per ordinary share	**185.0**	95.1p	42.1p	38.3p	25.2p
Pre-exceptional earnings per ordinary share	**185.0**	95.1p	42.1p	38.2p	36.1p

FINANCIAL CALENDAR

Annual general meeting	19 September 2018
Announcement of half year results	January 2019
Financial year end	2 June 2019
Announcement of final results	July 2019

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Games Workshop Group PLC (the 'Company') will be held at the Company's registered office, Willow Road, Lenton, Nottingham, NG7 2WS at 9.30am on 19 September 2018 for the following purposes:

Ordinary business
As ordinary business to consider and, if thought fit, to pass the following resolutions 1 to 12 as ordinary resolutions:

Resolution 1
To receive the Company's annual financial statements for the 53 weeks ended 3 June 2018 together with the directors' report, the remuneration report and the independent auditors' report on those financial statements, the auditable part of the remuneration report and the directors' report.

Resolution 2
To re-elect K D Rountree as a director.

Resolution 3
To re-elect R F Tongue as a director.

Resolution 4
To re-elect N J Donaldson as a director.

Resolution 5
To re-elect C J Myatt as a director.

Resolution 6
To re-elect E O'Donnell as a director.

Resolution 7
To elect J R A Brewis as a director.

Resolution 8
To re-appoint PricewaterhouseCoopers LLP as independent auditors to hold office until the conclusion of the next general meeting at which financial statements are laid by the Company.

Resolution 9
To authorise the directors to fix the auditors' remuneration.

Resolution 10
To approve the remuneration report (excluding the directors' remuneration policy set out on pages 23 to 27 for the 53 weeks ended 3 June 2018).

Resolution 11
To approve the directors' remuneration policy as set out on pages 23 to 27.

Resolution 12
To approve the payment of a one off bonus award of 100% of salary to the executive directors in relation to performance in 2017/18 as set out on page 22.

Special business
To consider and, if thought fit, pass the following resolutions, of which resolution 13 will be proposed as an ordinary resolution and resolutions 14 and 15 will be proposed as special resolutions.

Resolution 13
That the directors of the Company be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot Relevant Securities (as defined below) up to an aggregate nominal amount of £533,780 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 18 December 2019 or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This resolution revokes and replaces all unexercised authorities previously granted to the directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

Resolution 13 continued
Relevant Securities means: (i) shares in the Company other than shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Act), a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security or a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security; (ii) any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Act). References to the allotment of Relevant Securities in this resolution include the grant of such rights.

Resolution 14
That subject to the passing of resolution 13 above, the directors of the Company be given the general power pursuant to sections 570 to 573 of the Companies Act 2006 (the 'Act') to allot or make offers or agreements to allot equity securities for cash, either pursuant to the authority conferred by resolution 13 above or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities in connection with a rights issue so that for this purpose 'rights issue' means an offer of equity securities open for acceptance for a period fixed by the directors to holders of equity securities on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with rights attached thereto but subject to such exclusions or other arrangements as the directors consider necessary or expedient in relation to treasury shares, fractional entitlements or any legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory; and
(b) the allotment of equity securities up to an aggregate nominal amount of £80,875.

The power granted by this resolution will expire on 18 December 2019 or, if earlier, the conclusion of the Company's next annual general meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired. This resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if either section 89(1) of the Companies Act 1985 or section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities. For the purposes of this resolution the expression 'equity securities' and references to 'allotment of equity securities' respectively have the meanings given to them in section 560 of the Act.

Resolution 15
That the Company be and is hereby granted general and unconditional authority for the purposes of section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 5p each in the capital of the Company ('ordinary shares') on such terms and in such manner as the directors may from time to time determine provided that:

(c) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company or on 18 December 2019 whichever is the earlier;
(d) the maximum aggregate number of ordinary shares that may be purchased is 3,235,031;
(e) the minimum price (excluding expenses) which may be paid for an ordinary share is 5p;
(f) the maximum price (excluding expenses) which may be paid for an ordinary share is the higher of: (i) an amount equal to 105 per cent of the average market value of an ordinary share in the Company for the five business days prior to the day on which the purchase is made; and (ii) the value of an ordinary share calculated on the basis of the higher of the price quoted for: (a) the last independent trade of; and (b) the highest current independent bid for, any number of the Company's ordinary shares on the trading venue where the purchase is carried out; and
(g) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares in pursuance of any such contract.

By order of the board
R F Tongue
Company secretary
30 July 2018
Registered office:
Willow Road, Lenton
Nottingham
NG7 2WS
Registered in England and Wales under number 2670969

Notes

1. Only those members registered on the Company's register of members at 6.30 pm on 17 September 2018 or, if this meeting is adjourned, at 6.30pm on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting.
2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this document. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. Details of how to appoint more than one proxy are set out in the notes to the proxy form.
5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To appoint a proxy using the proxy form, the form must be completed and signed and sent or delivered to the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, BN99 6DA so as to be received no later than 48 hours before the time fixed for holding the meeting. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. The cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
9. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, BN99 6DA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, BN99 6DA no later than the time fixed for holding the meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
10. Appointment of a proxy does not preclude you from attending the meeting and voting in person.
11. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
12. As at 30 July 2018 (being the last practical date prior to the publication of this notice), the Company's issued share capital comprised 32,350,318 ordinary shares of 5 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 30 July 2018 is 32,350,318. The website referred to in note 21 will include information on the number of shares and voting rights.
13. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') you may have a right under an agreement between you and the member of the Company who has nominated you (a 'Relevant Member') to have information rights to be appointed or to have someone else appointed as a proxy for the meeting. If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
14. You may not use any electronic address provided either in this notice of annual general meeting or any related documents (including the proxy form), to communicate with the Company for any purposes other than those expressly stated.
15. Under section 338 of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 18 below, may, subject to conditions, require the Company to give to members notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that: (a) the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company’s constitution or otherwise); (b) the resolution must not be defamatory of any person, frivolous or vexatious; (c) the request may be in hard copy form or in electronic form (see note 19 below), must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another member, clearly identifying the resolution which is being supported, must be authenticated by the person or persons making it (see note 19 below); and must be received by the Company not later than 6 weeks before the meeting to which the request relates.
16. Under section 338A of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 18 below, may, subject to conditions, require the Company to include in the business to be dealt with at the meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business). The conditions are that: (a) the matter of business must not be defamatory of any person, frivolous or vexatious, (b) the request may be in hard copy form or in electronic form (see note 19 below), must identify the matter of business by setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the persons or person making it (see note 19 below) and must be received by the Company not later than 6 weeks before the meeting to which the request relates.

Notes continued

17. Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (sections 527 to 531), where requested by a member or members meeting the qualification criteria set out at note 18 below, the Company must publish on its website, a statement setting out any matter that such members propose to raise at the meeting relating to the audit of the Company's financial statements (including the auditors' report and the conduct of the audit) that are to be laid before the meeting. Where the Company is required to publish such a statement on its website, it may not require the members making the request to pay any expenses incurred by the Company in complying with the request, it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website, and the statement may be dealt with as part of the business of the meeting. The request may be in hard copy form or in electronic form (see note 19 below), either set out the statement in full, or if supporting a statement sent by another member, clearly identify the statement which is being supported, must be authenticated by the person or persons making it (see note 19 below), and be received by the Company at least one week before the meeting.
18. In order to be able to exercise the members' right to require circulation of a resolution to be proposed at the meeting (see note 15); a matter of business to be dealt with at the meeting (see note 16) or the Company to publish audit concerns (see note 17), the relevant request must be made by a member or members having a right to vote at the meeting and holding at least 5% of total voting rights of the Company, or at least 100 members having a right to vote at the meeting and holding, on average, at least £100 of paid up share capital. For information on voting rights, including the total number of voting rights, see note 12 above and the website referred to in note 21.
19. Where a member or members wishes to request the Company to circulate a resolution to be proposed at the meeting (see note 15), include a matter of business to be dealt with at the meeting (see note 16) or publish audit concerns (see note 17) such request must be made in accordance with one of the following ways: (a) a hard copy request which is signed by you, which states your full name and address and is sent to Rachel Tongue, Games Workshop Group PLC, Willow Road, Lenton, Nottingham NG7 2WS; or (b) a request which states your full name and address, and is sent to rachel.tongue@gwplc.com. Please state 'AGM' in the subject line of the e-mail.
20. Under section 319A of the Companies Act 2006 the Company must answer any question you ask relating to the business being dealt with at the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, the answer has already been given on a website in the form of an answer to a question or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
21. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from http://investor.games-workshop.com.
22. The following documents will be available for inspection for at least 15 minutes prior to the meeting and during the meeting: (a) copies of the service contracts of executive directors of the Company and (b) copies of the service agreements of the independent directors of the Company.
23. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual on the Euroclear website (www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ('EUI') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must (in order to be valid) be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
24. As an alternative to completing a hard copy proxy form, a shareholder can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. Shareholders will need their voting ID, task ID and shareholder reference number (this is the series of numbers printed under their name on the proxy form). Alternatively, if a shareholder has already registered with Equiniti Limited's online portfolio service, Shareview, they can submit a proxy form at www.shareview.co.uk. Full instructions are given on both websites. To be valid, your proxy appointment(s) and instructions should reach Equiniti Limited no later than 48 hours before the time fixed to hold the meeting. Any electronic communication sent by a shareholder to the Company or the registrar that is found to contain a computer virus will not be accepted.

Explanatory notes to the notice of annual general meeting

Resolution 1 – Financial statements
This is a standard resolution common to all annual general meetings.

Resolutions 2 to 7 – Election and re-election of directors
The following directors will stand for election/re-election in accordance with the UK Corporate Governance Code and the Company's articles of association:

- K D Rountree
- R F Tongue
- N J Donaldson
- C J Myatt
- E O'Donnell
- J R A Brewis

Each of the above directors has indicated their willingness to offer themselves for election/re-election. The board, having considered the mix of skills, knowledge and experience of the directors confirms that each director continues to perform their duties effectively, showing integrity and high ethical standards whilst maintaining sound, independent judgement in respect of all decisions taken at board level.

Biographical details for each of the directors can be found on page 13 and 14 of the 2018 annual report.

Resolutions 8 and 9 – Re-appointment of auditors and auditors' remuneration
The Company is required to appoint an auditor at each meeting at which financial statements are presented and PricewaterhouseCoopers LLP have indicated their willingness to continue in office. Accordingly, resolutions 8 and 9, subject to the approval of the shareholders of the Company, re-appoints PricewaterhouseCoopers LLP as auditors of the Company and authorises the directors to determine the remuneration of the auditors.

Resolutions 10 to 12 – Directors' remuneration
Shareholders will be requested to approve the directors' remuneration report (excluding the directors' remuneration policy) for the financial year ended 3 June 2018 and the amended remuneration policy as detailed on pages 23 to 27 of the 2018 annual report. In addition, the approval of the payment of a one off bonus payable to the executive directors in relation to performance in 2017/18.

Resolution 13– Directors' power to allot relevant securities
Generally, the directors may only allot shares in the Company (or grant rights to subscribe for, or to convert any security into, shares in the Company) if they have been authorised to do so by shareholders.

In line with guidance issued by the Investment Association, if passed, resolution 13 will authorise the directors to allot ordinary shares in the Company (and to grant rights to subscribe for, or to convert any security into, ordinary shares in the Company) in connection with a rights issue only up to an aggregate nominal amount of £533,780 (as reduced by the aggregate nominal amount of any shares allotted or rights granted under resolution 14). This amount (before any reduction) represents approximately 33% of the issued ordinary share capital of the Company as at 30 July 2018, being the last practicable date before the publication of this document. The directors intend to follow emerging best practice as regards the use of this authority, including as to the requirement for directors to stand for re-election.

If given, this authority will expire at the conclusion of the Company's next annual general meeting or 15 months from the passing of the resolution (whichever is earlier). It is the directors' intention to renew the allotment authority each year.

The directors have no current intention to exercise either of the authorities sought under resolution 13. However, the directors consider that it is in the best interests of the Company to have the authorities available so that they have the maximum flexibility permitted by institutional shareholder guidelines to allot shares or grant rights without the need for a general meeting should they determine that it is appropriate to do so to respond to market developments or to take advantage of business opportunities as they arise.

Resolution 14 – Disapplication of pre-emption rights on equity issues for cash
Resolution 14, if passed, would enable the directors to allot shares for cash on a non pre-emptive basis in limited circumstances. It is proposed to authorise the directors to issue shares for cash up to an aggregate nominal amount of £80,875 (which represents approximately 5% of the Company's issued share capital as at 30 July 2018), without having to first offer them to shareholders in proportion to their existing holdings. In addition, in accordance with normal practice, the resolution would enable the board to deal with overseas shareholders and fractional entitlements as it thinks fit in the context of any rights issue or open offer.

If given, this authority will expire at the conclusion of the Company's next annual general meeting or 15 months from the passing of the resolution (whichever is earlier). It is the directors' intention to renew this authority each year.

There are no present plans to exercise this authority.

Resolution 15 - Market purchase of own shares
A company may only purchase its own shares by either an off-market purchase, in pursuance of a contract approved in advance in accordance with section 694 of the Act or by a market purchase, authorised in accordance with section 701 of the Act. A 'market purchase' is one made through a 'recognised investment exchange'. Although the Act only requires an ordinary resolution, LR 12.4.7 of the Listing Rules requires the resolution to be passed as a special resolution (the ABI also recommend that the resolution should be passed as a special resolution). This resolution 15 authorises market purchases of the Company's own shares to be made but only within the limitations specified. In accordance with Investment Association guidelines the maximum number of shares purchased under this authority must not exceed 3,235,031 ordinary shares. The resolution also states the maximum price which may be paid being 5p per ordinary shares and the maximum price being the higher of: (i) an amount equal to 105 per cent of the average market value of an ordinary share in the Company for the five business days prior to the day on which the purchase is made; and (ii) the value of an ordinary share calculated on the basis of the higher of the price quoted for: (a) the last independent trade of; and (b) the highest current independent bid for, any number of the Company's ordinary shares on the trading venue where the purchase is carried out.

As recommended by the Investment Association the Company renews this authority on an annual basis at each annual general meeting.

The directors have no current intention of exercising this authority to purchase the Company's ordinary shares. The Company will only exercise this authority to make such a purchase in the market if the directors consider it is in the best interests of the shareholders generally to do so.

The Company is permitted to hold shares it has purchased in treasury, as an alternative to cancelling them. Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy options exercised under any of the Company's share schemes. Whilst held in treasury, the shares are not entitled to receive any dividend or dividend equivalent (apart from any issue of bonus shares) and have no voting rights. The directors believe it is appropriate for the Company to have the option to hold its own shares in treasury if, at a future date, the directors exercise this authority. The directors will have regard to investor group guidelines which may be in force at the time of any such purchase, holding or re-sale of shares held in treasury.

If given, this authority will expire at the conclusion of the Company's next annual general meeting or 15 months after the passing of the resolution (whichever is earlier). It is the directors' intention to renew this authority each year.