PRESS ANNOUNCEMENT

GAMES WORKSHOP GROUP PLC

25 July 2023

ANNUAL REPORT

Games Workshop Group PLC ("Games Workshop" or the "Group") announces its annual report for the 52 week period to 28 May 2023.

Highlights

	52 week period to 28 May 2023 £m	52 week period to 29 May 2022 £m
Core revenue	**445.4**	386.8
Licensing revenue	**25.4**	28.0
Revenue	**470.8**	414.8
Revenue at constant currency	**447.3**	414.8
Core operating profit	**148.2**	131.7
Core operating profit at constant currency	**131.9**	131.7
Licensing operating profit	**22.0**	25.4
Licensing operating at constant currency	**19.9**	25.4
Operating profit	**170.2**	157.1
Profit before taxation	**170.6**	156.5
Net increase in cash - pre-dividends paid	**155.5**	79.3
Earnings per share	**409.7p**	391.3p
Dividends per share declared in the period	**415p**	235p
Dividends per share paid in the period	**415p**	285p

Kevin Rountree, CEO of Games Workshop said:

"We finished the year having delivered eight consecutive years of Group sales and profit growth - in the period we reported the highest level of sales and the most profit we have generated since flotation 29 years ago. Our international team has been sensational again, thanks to you all."

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Investor relations website investor.games-workshop.com
General website www.games-workshop.com

The full 2023 annual report can be downloaded from the investor relations website at investor.games-workshop.com

See the glossary for details on the alternative performance measures (APMs) used by the Group. Where appropriate, a reconciliation between an APM and its closest statutory equivalent is provided.

STRATEGIC REPORT

Strategy and objectives
Games Workshop is committed to the continuous development of our intellectual property ('IP') and 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 is that we make high quality miniatures. We understand that what we make may not appeal to everyone, so to recruit and retain 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 our miniatures for a price that we believe represents the investment in their quality.

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 IP. Aside from our core business, we are constantly looking to grow our licensing income from opportunities to use our IP in other markets.

The third element is that we are customer focused. 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. Our customers can be found anywhere, and we seek them out all over the world. They're a passionate bunch with an interest in science fiction and fantasy. They're collectors, painters, model builders, gamers, book lovers and much more. And while no two customers engage with Warhammer in exactly the same way, they're all deeply invested in the rich characters and settings of our IP.

To reach them, we have two key tools: our retail chain and our digital content. In retail, we showcase the Warhammer hobby and offer a fantastic customer experience. Our digital offering has never been richer. Through warhammer-community.com and social media we reach thousands of people every day, showing them the very best aspects of the Warhammer hobby and inviting them to join our global community of enthusiastic fans.

Our retail channel is supported by our own online store (it has the full range of our products) 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 products. 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 operating profit margin at current levels. The way we go about implementing this strategy is to recruit the best staff we can. We look for those with the appropriate attitude and behaviour a given job requires and for those who are aligned with our principles and who are quality obsessed. 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 towards change. To support them, we offer all of our staff both personal development and skills training.

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 key consumer facing brand is 'Warhammer' - this unites all aspects of the Warhammer hobby - collecting, building, painting, playing, reading, watching, gaming, etc. in the worlds of Warhammer.

We have two main universes/settings - our dark, gritty fantasy sci-fi universe, which encompasses 'Warhammer 40,000', 'Warhammer The Horus Heresy' and 'Necromunda' and our unique fantasy setting that includes 'Warhammer Age of Sigmar', 'Blood Bowl' (albeit a tongue in cheek parody) and, the soon to be released, 'Warhammer The Old World'. We believe our IP to be among the best in the world.

We continue to add to the depth of these worlds with an ever evolving range of miniatures that we hope will keep hobbyists engaged and excited for a lifetime.

The Warhammer settings are incredibly rich and evocative backdrops. They're populated by more than three decades of fantastical characters and comprise thousands of exciting narratives. We are committed to making it easier than ever for people to discover, engage with and immerse themselves in our IP. Aided by a small, senior team we have already begun to find new partners, and new ways to help us bring the worlds of Warhammer to life like never before. Together, we'll continue to explore animation, live action, video games and more. We'll present the very best aspects of our rich IP, delighting audiences while always ensuring we do no harm to our core miniatures business.

Business model and structure

We are a vertically integrated business. 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. We are an international business centrally run from our HQ in Nottingham, with 78% of our sales coming from outside the UK. We have our two main factories, a paint factory, two warehouse facilities, design studios and back office support functions - all are based in or near Nottingham.

Design

We design all of our products at our HQ in Nottingham. Employing c.300 people, the design studio creates all the IP and all the associated miniatures, artwork, games and publications that we sell. Annually, these specialist staff produce hundreds of new sculpts, illustrations, rules, stories etc. enabling us to deliver new products every week and continue to keep our customers engaged and excited. In 2022/23 we invested £17.3 million in the studio (including software costs) with a further £6.7 million spent on tooling, the majority of which was for new plastic miniatures. We are committed to investing in these areas at an appropriate level every year.

All of our plastic miniatures are branded as Citadel Miniatures, a mark with an unparalleled reputation for quality. It denotes both a style and level of detail that we apply to both our own worlds (Warhammer 40,000, Warhammer Age of Sigmar etc.) and those of others, e.g. Lord of the Rings. Our resin miniatures, designed for more experienced customers, are branded as Forge World and are less widely available than their plastic counterparts.

Many customers love personalising their miniatures and our Citadel Colour paint range, brushes and accompanying painting system are designed to help everyone from the complete beginner to the most experienced painters in the world achieve great results. In the pursuit of ever better, we continually develop new types of paint and ways of using them. The result - our paints are used the world over. And for painting more than just our miniatures.

When not interacting with our miniatures, many customers enjoy reading stories set in our rich and immersive worlds. Under our Black Library imprint we publish new titles every year, from short stories and audio dramas through to full length novels and audio books. These we make available in physical bookstores, third party digital platforms and through our own retail and other specialist stores.

Manufacture

We are proud to manufacture our product in Nottingham which is the centre of expertise for our global business. It's where we started and where we intend to stay.

Logistics

Our product is distributed from our main warehouse at our HQ (Eurohub) or our warehouse (EMG) approximately 25 minutes away. These warehouses supply our two hubs; one in Memphis, Tennessee and one in Sydney, Australia. Between these four warehouses, we are able to directly supply our independent retailers, our own retail stores and fulfil our online orders.

Sell

Our core revenue is generated via three channels, our own stores 'Retail', third party independent retailers 'Trade' and our online store 'Online'. We also sell via our licensing partners. We support these channels and activities via our digital and marketing team.

Retail - our stores provide the focus for the Warhammer hobby in their geographical 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 starter sets, new release products and the appropriate extended range. At the period end, we had 526 of our own retail stores in 23 countries. We have 399 single staff stores: small sites, each one operated by only one store manager. We also have 127 multi-staff stores, which, like our single staff stores, are constantly reviewed to ensure they remain profitable. If not, they will probably be converted to single staff stores.

Trade - we sell to third party retailers under closely controlled terms and conditions. Independent retailers are an integral part of our business model helping us to sell our products around the world and importantly in areas where we don't have our own stores. Games Workshop strives to support those outlets which help to build the Warhammer hobby community in their local areas. The bulk of our sales to independent retailers are made via our telesales teams based in Memphis, Nottingham and Barcelona. We also have small telesales teams in Sydney, Tokyo, Shanghai, Singapore, Hong Kong and Kuala Lumpur. In 2022/23 we had 6,500 independent retailers (2022: 6,200) in 71 countries. We strive to deliver excellent service, operating in 20 languages covering all time zones. Independent retailers sell from their physical stores as well as their own online web stores.

Online - sales via our own web stores. All of our retail stores also have a web store terminal that allows our customers to access the full range from within the store. Our web stores are run centrally from our HQ.

Licensing - we grant licences to a number of carefully chosen partners. This allows us to exploit our IP to broaden the presence and brand exposure of Warhammer around the world, often entering new markets such as media and entertainment. It also allows us to generate additional income. Currently, the majority of this income is generated by video games sales in North America, the UK and Continental Europe.

Marketing - keep 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 spend 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 our HQ in Nottingham; it is where the majority of people with experience and knowledge of running our business work. I have put in place a flat structure: the people with senior responsibility, that make all of the big decisions, report directly to me. There were a few changes during the year to help us deliver our operational plans.

I implemented a new structure during the year which is split into two main teams: an operational board team and a senior management team. The operational board members are: the chief financial officer, a global IP and product design director, a global business to business (B2B) sales and marketing director, a global manufacturing and supply chain director, and a creative media director. I represent our own sales channels at the regular reviews.

Our global IP and product design director is responsible for our Warhammer design studios (miniatures, books and box games, specialist systems, hobby product, our publishing business - Black Library, and creative approvals for third party licences). They ensure any content that is produced, whether physical or virtual, truly represents our IP. They also support me in exploiting our IP, alongside our creative media director.

The responsibility for our trade sales is with our global B2B sales and marketing director who also manages the marketing team for all sales channels.

Reporting directly to me, our retail chain is split between two retail territory managers, one for North America and Asia and one for the rest of the world. Our online store (our biggest store) is the responsibility of our rest of the world retail manager, who also manages our biggest physical store, Warhammer World.

The global manufacturing and supply chain director manages the three factories in Nottingham and our four main warehouse facilities in Nottingham, Memphis and Sydney as well as a merchandising team to support the sales channels.

Our operations and support structure includes the chief financial officer for Games Workshop who is responsible for accounts, HR, legal and compliance, and IT. They also support me in exploiting our IP by managing the licensing team.

The senior management team comprises the members of the operational board together with our global head of IT, two retail territory heads, our Group company secretary/general counsel, two HR managers (covering support and advisory, and recruitment and development). In addition, my executive assistant helps me by running a team who support the day to day running of the teams above.

Key performance indicators

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

Our key financial performance indicators are:

Monthly and year to date core business sales growth by channel

This measures the core business sales growth achieved in each of our core channels on a monthly and year to date basis.

Monthly and year to date core gross margin

This measures the core gross margin achieved on core sales after taking account of the direct costs, depreciation of manufacturing equipment and the costs of shipping our product to customers/stores on a monthly and year to date basis.

Year to date core operating profit percentage

The ratio of core operating profit against core revenue, as a percentage. This is considered to be a measure which reflects sales and costs under our direct control.

Monthly and year to date core operating profit

This measures gross profit less operating expenses for the core business on a monthly and year to date basis. This is considered to be a measure which reflects sales and costs under our direct control.

Year to date licensing revenue

This measures licensing revenue and cash earned from licensing. These measures reflect revenue which is not under our control.

Our key non-financial performance indicators are:
Number of own stores by territory
This measures the number of our own stores which is an indicator of our global reach.

Number of ordering stockist accounts by territory
This 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.

Customer engagement
We measure this through our owned content channel Warhammer-community.com and reach delivered through our social platforms.

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. A 'working cash buffer' of three months' worth of working capital requirement has been set aside alongside six months' worth of future tax payments before deciding how much cash is truly surplus for the purpose of declaring dividends.

Review of the period
Another record year for Games Workshop - the business and the Warhammer hobby are in great shape.

It has been another exciting year. After a relatively slow start for us, we finally got into our rhythm and have delivered profitable sales growth in all of our three channels, and in all major countries (excluding Russia, where we stopped selling in March 2022). It was great to see the team effort in the second half focused on executing our operational plan rather than allowing ourselves, at times, to get distracted by external events out of our control. There were lots of details to get right everywhere and, as always, the global team has delivered again. We have controlled our costs well and improved our gross profit and as a result our cash flow has been great; allowing us to return £136.5 million to our owners during the period. Our staff have once again been amazing; thank you and well done to you all.

Our operational plan is designed to give us the best chance to succeed every month so it was rewarding to see us finish the period with seven months of consecutive Group core revenue growth against the prior period. Core revenue growth for the period at constant currency finished Retail +16.9%, Trade +9.3% and Online +3.0%.

We have been focused on recruiting new customers, improving our customer service and at the same time aligning our stock forecasting and delivery to our ambitious operational plans: getting the right products to the right locations at the right time. Easy to say but by its very nature forecasting (trying to predict the future) is an impossible task to actually get right. We have been investing in factory and warehouse capacity and our new facilities are starting to go live. We are now improving our end to end processes and our communications about our product ranges with our customers, retail store managers, trade teams and customer service teams. Our new forecasting team still have some hard work to do; we don't want to underestimate demand but too much cash tied up in stock is not great either.

We also take an ambitious approach to aligning ourselves with broader stakeholders' opinions on how we run Games Workshop. We have, in the period reported, continued our focus on environmental, social and governance (ESG) areas. The board, operational board and our senior managers carried out a thorough review of our carbon footprint which was supported by third party specialists. In summary, we have committed to significantly reducing our scope 1 and 2 emissions over the next 10 years. We have a detailed plan and so we believe it is achievable.

Morale at Games Workshop is upbeat: we are doing OK but inflation and the related higher interest rates are clearly an ongoing concern for most of our staff. During the period, we continued to look at relevant ways to support our staff. We have increased pay across the Group by on average 4.9% (supporting fully the increase in UK national living wage to £11 per hour) and following a review of our family leave entitlement, our maternity and adoption leave entitlement has increased from 6 weeks to 18 weeks at full pay. Paternity leave will increase from 1 to 2 weeks at full pay. We will continue to keep staff benefits under review.

In line with our Group Profit Share Scheme, and for their outstanding contribution to these results, we have paid each member of staff £4,000 this period (2022: £3,500), in total £11.6 million (2022: £9.9 million).

Design
Following the successful relaunch of Warhammer The Horus Heresy in June 2022, we have released a steady flow of new plastic miniatures, for what was originally a resin only range, allowing ever more trade accounts and hobbyists to access this part of the Warhammer hobby. February saw the release of the novel 'The End and the Death', the first part of the climactic finish to the legendary storyline behind this miniatures range which began in 2006 and over 60 novels ago!

The second half of the year also saw some fantastic new miniatures and a dramatic storyline leading into the new (10th) edition of Warhammer 40,000, released in June 2023. Fair to say that excitement for the new edition is high.

Often in the shadow of Warhammer 40,000, Warhammer Age of Sigmar continues to grow steadily with launches in the period for Seraphon, Slaves to Darkness and the wonderfully named Gloomspite Gitz, all being well received.

In December we released 'The Battle of Osgiliath', a box set based on one of the seminal scenes from our licensor's 'The Lord of The Rings' movies. While a modest part of our business, it's great to see it still going strong, 22 years since its first release.

We continue to scour the world for those individuals who want to be part of making the best fantasy miniatures in the world and this year we welcomed several designers from South America. I'm always amazed that people are prepared to move to the other side of the world to be part of what we do. The Warhammer hobby truly is something special.

On a sad note, we made the hard decision to make our Russian language translation team redundant. We held off as long as we could but with the war in Ukraine sadly showing no signs of ending, we had to accept the reality that we won't be in a position to provide hobbyists in Russia with the offer we want, any time soon. We wish all the individuals well and our thoughts go out to those impacted by the horrendous events in Ukraine.

Manufacturing

Our manufacturing team has remained focused, as always, on producing the best fantasy miniatures in the world. They have retained a default 24/5 shift pattern keeping our overtime to a minimum and voluntarily working weekend shifts, but only as required.

All three Nottingham factories have operated in line with our forecast and expectations throughout the year. We decided not to expand our manufacturing footprint further during the year, instead focusing our energy upon improving our capabilities and efficiencies using the world class equipment and people we have. A range of projects have been progressed focusing on material efficiency as well as tool design and machining. These projects will allow us, in the future, to produce more with less. We have also completed a suite of refurbishments to upgrade our facilities for staff.

Work towards obtaining a China Compulsory Certificate (CCC) was completed as expected. Our factories successfully passed follow up audits and we now have all relevant core products accredited for sale across China.

The land in Nottingham, purchased in 2020, has been partially developed with the building of an injection moulding tool storage unit and the creation of c.100 car parking spaces. We continue to plan ahead and are ready to build an additional manufacturing facility on this land when it is required. We currently have spare capacity.

Production staff costs decreased in the period as we reduced our use of temporary agency staff, with costs decreasing by £1.6 million to £10.4 million, reducing to 2.3% of core revenue.

Warehousing

Having overcome significant technical challenges in late 2022, the warehouses in Nottingham and Memphis ended the financial period running more efficiently. The priority for both of these sites going forward is to leverage the new equipment and systems, to reduce operating costs and maintain customer dispatch times. Cross border shipping remains the key issue for orders into Europe. We continue to review and consider practical and financially viable solutions to tackle this where possible - this could involve setting up a warehouse facility in Europe.

North America

Whilst new systems and automation have been in place all year, it has not been until later in 2022/23 that software updates and modest improvements to our old back office systems allowed the team to use them fully. During the 2023/24 financial period, we will decommission our legacy warehouse system and equipment. The back office systems will be replaced as part of an ongoing systems improvement plan.

UK

Finally, after a few teething problems, the EMG facility took on fulfilment of all UK and European retail, trade and international shipping. Operations for all but our UK and European online order fulfilment have now been running out of EMG for a number of months with all relevant operational staff transitioned from our Lenton site. Our Eurohub warehouse is being converted to become our dedicated materials and component warehouse. The close proximity to the factories makes this the ideal site to offer a more just-in-time service to our three factories. At the time of writing, the component and material operation is transitioning from EMG to the Eurohub component warehouse, this should be completed by the end of the summer. Online fulfilment is making the reverse transition heading towards EMG. We are anticipating a few final teething issues.

Australia

With sustained sales growth in Australia, options to increase our warehousing capacity are currently being explored. One option being considered is moving to a bigger leased site close to the existing location.

Total warehousing costs have increased by £5.6 million to £25.9 million, the majority of the increase being across local authority rates (+£1.1 million), depreciation (+£1.0 million), staff costs (+£1.2 million) and consumables costs (+£0.7 million); as a percentage of core sales, warehouse costs have increased from 5.2% to 5.8%.

Service centres
As we grow there are just more things to process and join up. During the year our teams delivered another herculean effort processing more transactions than ever. We continue to invest in our IT team to deliver our systems improvement plan. It is another important year ahead for this relatively new team. There are really too many things to write about that our silent backbone does; the key highlights during the year were ensuring the opening of the new Trade office in Barcelona happened on time and within budget from both a people, finance and systems perspective as well as ensuring the receipt of all of the outstanding VAT from the French tax authorities. We thank them all for their considerable efforts and for their commitment to continuous improvement.

Customer focused
Our goal remains to reach, engage and inspire Warhammer fans everywhere. We continue to focus our efforts on six of our own key areas:

Our stores
For decades, the staff in our retail stores have worked cheerfully and relentlessly to offer great customer service and more importantly recruit ever more new customers into the Warhammer hobby. Our stores continue to be the best place to start your hobby journey with us. We continue to offer free introductory experiences: receive your first model, learn how to build and paint it, and play an exciting game with store staff. Our Warhammer Alliance schools programme has an active c.6,000 schools signed up. Designed to support young people improve their engineering, arts, and maths skills, a Warhammer club is a great creative outlet that will easily fit into any development offer for young people aged 12 and above. For older students (14+) in the UK, we also have the Warhammer skills development programme that guides them through the hobby and works towards achieving the Duke of Edinburgh's Award.

Warhammer Community
Warhammer-community.com remains the cornerstone of our online presence. The best place to come for all the latest news from the 41st Millennium and the Mortal Realms. During the year, the team again put out thousands of pieces of content to engage, inform and inspire Warhammer fans globally.

My Warhammer
This single login gives access to our webstores and related apps. As at the period end, we have 427,000 active users. To better track engagement we have defined an active user as someone who has engaged with us online in the last six months.

Warhammer+
Our subscription service for Warhammer fans is approaching its second year. It is a new way to explore the worlds of Warhammer. You'll find original animations and shows, access to Warhammer 40,000 and Age of Sigmar apps, a digital vault archive packed with decades of lore and magazines, subscriber offers, and exclusive miniatures.

The exciting content delivered through Warhammer+ will remain an integral part of our digital offer and how we share our IP. Subscriber numbers are currently 136,000 (2022: 105,000).

Email
Our email campaigns continue to be one of our most effective methods of communication. Subscriber numbers, defined as people who opened one of our emails in the last six months, at the period end were 531,000 (2022: 455,000).

External events/social media
To broaden our reach to ever more potential enthusiasts, we continue to attend many of the largest tabletop third party events in the world and post huge amounts of content on our popular official social media sites. This included some of our best animation ever; including news of the new edition of Warhammer 40,000, supported by our latest trailer.

The network of local clubs, schools and group events, plus the activities of our trading partners and our own 500+ stores, have helped local Warhammer communities grow offline… in the real world.

Licensing business
Warhammer IP is rich, vast and endless so as we do more projects, it's important that we are focused on exploiting it all and that its representation continues to be respectfully maintained. During the period we transferred the approval process for managing our IP with licensing partners to the management team at the heart of Games Workshop, our Warhammer studios. This will ensure its representation stays true to its origins.

Our strategy is to exploit the value of our IP beyond our core tabletop business, in multiple categories and markets globally. We intend to ensure Warhammer's place as one of the top fantasy IPs globally. The main areas of focus are:

Entertainment
Our contract negotiations with Amazon Studios continue, so within normal legal constraints we have nothing more we can add and we will update you accordingly.

Video games
During the period our licensing partners launched five new games; four PC/console and one mobile. We also saw revenue from established games that continued to perform well, many years after launch, through a mixture of added content and continued marketing. Particular launches of note were Darktide, Boltgun and Tacticus.

Two new games were announced in the period including a major PC and console strategy game, Realms of Ruin and a combat racing game, Speed Freeks.

New games launching in 2023/24 include major titles - Realms of Ruin and Space Marine 2. There are also the computer role playing game Rogue Trader and digital collective card game Warpforge with unannounced release dates. In total there are nine unreleased games in development and two new licences were signed in the year.

As a reminder, the viability and ongoing success of any of our licensing deals is broadly out of our control; they are reliant on the successful development and delivery by our licensing partners.

Sales
Reported core revenue grew by 15.1% to £445.4 million for the period. On a constant currency basis, core sales were up by 9.6% from £386.8 million to £424.0 million.

Licensing revenue from royalty income was down slightly in the period at £25.4 million (2022: £28.0 million). This was largely due to a high level of guarantee income on multi-year contracts signed in the previous period; this income is recognised in full at the inception of the contract in line with IFRS 15 'Revenue from contracts with customers' following assessment of the performance obligations of the contract. Reported income is split as follows: 68% PC and console games, 6% mobile and 26% other. In the period, guarantee income was £8.1 million (2022: £15.0 million). Cash received from licensees in the period was £26.5 million (2022: £15.4 million).

Revenue by sales channel

	52 weeks ended 28 May 2023 Constant currency £m	52 weeks ended 29 May 2022 Constant currency £m	**52 weeks ended 28 May 2023 Actual rates £m**	52 weeks ended 29 May 2022 Actual rates £m	**2023 % of core revenue**	2022 % of core revenue
Trade	**234.2**	214.3	**248.0**	214.3	**56%**	55%
Retail	**101.9**	87.2	**106.4**	87.2	**24%**	23%
Online	**87.9**	85.3	**91.0**	85.3	**20%**	22%
Core revenue	**424.0**	386.8	**445.4**	386.8		
Licensing revenue	**23.3**	28.0	**25.4**	28.0		
Revenue	**447.3**	414.8	**470.8**	414.8		

Trade
Trade achieved significant growth of 15.7% with growth in all key countries. In the period, our net number of trade outlets increased by c.300 accounts to 6,500 which helped drive forward sales in this channel. It's worth noting that a large number of independent retailers now also sell our products online, meaning our customers have more choice than ever about where to buy Warhammer. During the year we set up a sales office in Barcelona for trade sales into Europe. This was to help mitigate staff recruitment gaps in Nottingham, particularly in relation to language skills.

Retail
We believe our stores are the best place to start your Warhammer hobby journey with us. Our stores are filled with staff who have extensive Warhammer knowledge, build local communities, and offer Warhammer hobby guidance and support. It is an essential and unique customer service offer that we are proud of. In the period, Retail achieved growth of 22.0%.

Store openings and closures during the period:

	Number of stores at 29 May 2022	Opened	Closed	**Number of stores at 28 May 2023**	**Number of single staff stores at 28 May 2023**	Number of single staff stores at 29 May 2022
UK	135	-	-	**135**	**90**	93
North America	165	8	1	**172**	**145**	145
Continental Europe	151	5	2	**154**	**113**	111
Australia	49	2	2	**49**	**37**	37
Asia	18	1	3	**16**	**14**	14
	518	16	8	**526**	**399**	400

In the period, we opened, including relocations, 16 stores. After closing 8 stores, our total number of stores at the end of the period was 526. The performance of each store will be kept under review and any stores that do not meet our financial model will be closed.

Our first café store in Tokyo, which opened in December 2022, has started well and has been recruiting new customers from day one. We are planning to open three additional Warhammer stores in other cities across Japan in 2023/24.

Our new store openings will continue to follow our single staff model, where appropriate. We will continue to review the format of our stores pragmatically e.g. we monitor transaction count carefully and add temporary staff to support the store manager when needed. Ensuring we always recruit great store managers and offer our customers an exceptional in-store experience, remains a priority for us.

Online

Online sales increased by 6.7% compared to the same period last year. As noted above, our customers have a lot of options when it comes to shopping for Warhammer online and are able to buy our products both through our own web stores (reported in Online) and through those of independent retailers (reported in Trade). To continue to be fair to our 6,500 trade partners and to ensure our stock allocation is appropriate, we don't carry high quantities of new release products on our own online store - so it will nearly always sell out. We are at the final stages of completing the first phase of upgrading our online store, putting it on a stable IT platform. This project has been more complex than the original review, and to be honest, it has not been delivered in our normal joined up team Games Workshop way. The team have regrouped and it is being delivered now in phases, the go live date of phase 1 is under review, currently scheduled for January 2024.

Core gross margin

Core gross margin percentage declined in the period from 67.1% to 66.5%.

Gross margin at May 2022	67.1%
Inventory provision	+0.9%
Production	+0.8%
Materials	-0.6%
Logistics	-0.7%
Animation	-1.0%
Gross margin at May 2023	66.5%

Core gross margin has benefitted from a reduction in inventory provisions as well as production efficiencies as we reduced the use of agency staff. These have been offset by an increase in logistics costs, as our expanded warehouse facilities came online, and we experienced higher carriage costs, mainly in the first half of the year. Animation relates to the costs of producing the content for Warhammer+, the amortisation of which is reported in cost of goods.

Operating expenses

Core operating expenses have increased by £20.3 million in the period (2023: 33.2% of core revenue; 2022: 33.0%).

Operating expenses at May 2022	£127.7m
Staff costs	+£8.4m
Investments	+£3.2m
Property costs	+£1.7m
Profit share	+£1.6m
Other	+£5.4m
Operating expenses at May 2023	£148.0m

We have invested in our staff, increasing the levels of pay to our store staff and investing in new roles and pay levels in our support services, as well as paying all staff more Group Profit Share. The additional spend which we categorise as investments is our ongoing development of the upcoming new web store and the setting up of a new trade sales office in Barcelona. The increase in other costs is mainly due to ongoing software support (+£0.9 million), travel (+£1.2 million), payment processing charges (+£0.8 million) and marketing spend (+£1.1 million).

Licensing operating expenses have increased by £0.8 million due to a provision put in place against a licensing receivable. In the year we also changed the structure of the team. The team is now more focused on quality rather than quantity.

Operating profit

Core operating profit increased by £16.5 million to £148.2 million (2022: £131.7 million). As a percentage of core sales, core business operating profit was 33.3% (2022: 34.0%). On a constant currency basis, core business operating profit increased by £0.2 million to £131.9 million.

Licensing operating profit declined by £3.4 million to £22.0 million (2022: £25.4 million). On a constant currency basis, licensing operating profit declined by £5.5 million to £19.9 million. These numbers are income less costs; they do not include any costs related to using the IP created in the core business.

Cash generation

Cash and cash equivalents at May 2022	£71.4m
Net cash from operating activities	+£231.7m
Share issue	+£2.6m
Other	+£1.0m
Lease payments	-£12.7m
Product development	-£13.1m
Purchase of capital assets	-£15.2m
Tax paid	-£39.0m
Dividends paid	-£136.5m
Cash and cash equivalents at May 2023	£90.2m

Included within net cash from operating activities are working capital movements relating to a decrease in inventory purchases of £6.0 million, a decrease in trade and other receivables of £8.1 million and an increase of £4.2 million in trade and other payables.

Dividends

We followed our principle of returning truly surplus cash to shareholders. Dividends of £136.5 million (2022: £77.1 million) were declared during the period. A 'working cash buffer' of three months' worth of working capital requirement alongside six months' worth of tax payments has been set aside before deciding how much cash is truly surplus for the purpose of declaring dividends.

Return on capital employed - core business

A long-term measure of our performance has been return on capital employed (ROCE). During the year our core business return on capital has increased from 118% to 133%. If ROCE was calculated using the period end values, it would be 155% (2022: 113%). Core average capital employed increased by £0.4 million to £111.7 million. Average balances are calculated over the 12 month period.

Investments in assets

This is what we have been spending your money on:

	2023	2022
	£m	£m
Shop fits for new and existing stores	**1.3**	1.3
Production equipment and tooling	**9.3**	10.1
Computer equipment and software	**2.1**	2.9
Site	**1.9**	3.4
Total capital additions	**14.6**	17.7

In 2022/23, we invested £6.7 million on moulding tools and £1.8 million in tooling, milling, injection moulding and paint machines. The investment in computer equipment and software includes £1.3 million on the upgrade of our EMG warehousing facility. The investment in Site includes £0.7 million on EMG and several other projects at our HQ in Nottingham.

Inventories

Inventories have decreased by £5.4 million. Inventory before inventory provisions decreased by £8.2 million to £36.6 million (2022: £44.8 million). Inventory provisions, at the period end, decreased to 9.8% of gross stock (2022: 14.3%). We continue to offer a broad range of price points. Our average RRP increase on miniatures in the period reported was 6% and an average of 3% across all other product lines.

Trade and other receivables

Trade and other receivables decreased by £9.1 million, which includes an £11.3 million decrease in VAT receivable, due to the receipt of the outstanding European VAT balance, and a £3.9 million decrease in royalty income receivable. This is partially offset by a £1.2 million increase in trade account debtor balances, a £0.8 million increase in digital income trade receivables and a £2.5 million increase in other receivables relating to credit card receipts in transit.

Trade and other payables

Trade and other payables increased by £3.4 million, including a £2.2 million increase in PAYE and other staff costs payable, and a £1.9 million increase in VAT liabilities. This was offset by a £0.7 million decrease in deferred income mainly relating to online sales.

Taxation

The effective tax rate for the period was 21.0% (2022: 18.0%). The rate is higher than in the prior period as a result of the increase in the UK corporation tax rate.

Treasury

The objective of our treasury operation is the cost effective management of financial risk. The treasury relationships are managed centrally and operate within a range of board approved policies. No transactions of a speculative nature are permitted. Credit risk on cash and short term deposits is mitigated as the counter-parties are banks with high credit ratings assigned by international credit agencies.

Funding and liquidity risk

The Group pays for its operations entirely from its cash flow.

Interest rate risk
Interest income for the period was £1.3 million (2022: £0.2 million) and interest expense was £0.9 million (2022: £0.8 million).

Foreign exchange risk
The sensitivity of the Group's income statement to depreciation in foreign exchange rates on US dollar and euro financial assets and liabilities are disclosed below. An appreciation of the stated currencies would have an equal and opposite effect:

	Income statement losses
	2023
	£m
15% depreciation of the US dollar	5.9
15% depreciation of the euro	0.9

Our main currency exposures are in respect of the euro and US dollars. The rates used for these throughout the accounts are:

	euro		US dollar	
	2023	2022	**2023**	2022
Period end rate used for the balance sheet	**1.15**	1.18	**1.23**	1.26
Average rate used for earnings	**1.15**	1.18	**1.20**	1.34

Risks and uncertainties
The board has overall responsibility for ensuring risk is appropriately managed across the Group and has carried out a robust assessment of the principal risks to the business. Our operational risks, including emerging risks, are identified and monitored through discussions at regular risk meetings of the senior management team. These meetings are coordinated by the internal audit function and assess the impact of each operational risk as well as identifying new emerging risks and mitigating actions required. The output of this process is considered and reviewed by the audit and risk committee twice yearly.

The key strategic risks to the Group are regularly reviewed by the board. The principal strategic risks identified in 2022/23 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 which we believe could cause business interruption.

- IT strategy and delivery - with a number of significant business projects in play, all of which are dependent on IT support, there is a requirement for a robust IT strategy which enables us to deliver key strategic projects as well as supporting day to day activities. We are actively supporting our global head of IT in investing in the structure of his team to ensure the IT support needs of the business can be delivered. We have appointed a new non-executive director, Mark Lam, with many years of operational and strategic IT experience to help management review their strategies and operational plans.
- Media - whilst this remains an area for future growth, it is imperative that exploitation of our IP through media channels does no harm to our core business. Our IP steering team meets every month to discuss ongoing and future exploitation, to ensure that all use of our IP, through all channels, is approved, correct and consistent. It is fully supported by our in-house legal team who will act when needed. The operational board meets quarterly to review progress and current status of all licensing projects.

In addition to this, we have a number of additional operational risks but we do not consider these to be principal strategic risks.

Priorities for 2023/24
We are making progress with our key priorities. Each of these is designed to ensure we deliver our exciting operational plan and continue to engage and inspire our loyal customers and attract new ones.

As part of our overall strategy, six key initiatives will be prioritised in 2023/24. These are designed to deliver further sales growth whilst maintaining our core operating profit margin and continuing to surprise and delight our customers. They are in addition to our investment in new product quality and ensuring our new factories and warehouses deliver the appropriate cash payback.

Staff training and development
We care passionately about our global team. We have ambitious long-term plans, but we also run the business with only the resources we need. We will continue to recruit essential new jobs or where we need to back-fill positions. Like last year, many of these recruits will be in order to scale - in our factories and warehouse facilities as well as in our support functions, mainly IT.

We will continue to support lifelong learning and training to develop the skills needed to enable all our staff to be successful. We are also more active in developing orderly succession plans of both the board and senior management. We continue in our commitment to diversity and inclusion at Games Workshop.

Growth
We are planning to add a further 30 new stores: 16 in North America, 11 in Europe and 3 in Japan.

We again aim to grow in every major country in the world, and via all of our three sales channels with all of our core IP. Our online store will have a new platform and will be rebranded for launch in 2023/24. Phase one will have no major bells or whistles but will be a more stable technical solution. We look forward to more hobbyists signing up to My Warhammer, the gateway into our fantasy worlds.

We will continue to open more independent retailer accounts. Selling via physical outlets remains an important sales channel for us. Some have their own online store, some not. We have seen sales grow in both.

We will continue to search for and engage with hobbyists everywhere.

Customer focused
We will also continue to be customer focused - engaging better with our existing customers and reaching whole new audiences with the Warhammer hobby, and the rich worlds it is set within.

Social responsibility
We are committed to ethical sourcing and staff wellbeing, diversity and inclusion. We will be collecting and reporting internally the ethnicity of our staff and we will track trends. Committed to diversity, we will continue to performance manage and recruit for the personal qualities needed to do a particular job as well as the necessary skills. I will continue to do my best to ensure this is the case and that we are fair and free from any bias and/or prejudice.

Sustainability - climate change
We will continue our work on reducing our carbon footprint in line with our plan and explain how we are doing against those goals.

Licensing business
The priority remains the same to deliver on our strategy by licensing our IP to partners who will successfully launch high quality video games, live action or animation shows.

Outlook
We finished the year having delivered eight consecutive years of Group sales and profit growth - in the period we reported the highest level of sales and the most profit we have generated since flotation 29 years ago. As for the future, in our 30th year we will continue to focus on product quality - in June 2023 we launched the best Warhammer 40,000 range of miniatures in our history... we wait to see if our hobbyists like them as much as we do. Our international team has been sensational again, thanks to you all.

Approved by the board, and signed on behalf of the board

Kevin Rountree
CEO
24 July 2023

Statement of directors' responsibilities
The directors confirm that this condensed consolidated financial information has been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK-adopted International Accounting Standards and that the management report herein includes a true and fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the period and their impact on the condensed financial information, and a description of the principal risks and uncertainties; and
- material related-party transactions in the period and any material changes in the related-party transactions described in the last annual report.

A list of all current directors is maintained on the investor relations website at investor.games-workshop.com.

By order of the board

Kevin Rountree
CEO
25 July 2023

Rachel Tongue
CFO

CONSOLIDATED INCOME STATEMENT

	Notes		**52 weeks ended 28 May 2023 £m**		52 weeks ended 29 May 2022 £m
Core revenue			**445.4**		386.8
Licensing revenue			**25.4**		28.0
Revenue	3		**470.8**		414.8
Cost of sales			**(149.2)**		(127.4)
Core gross profit		***296.2***		*259.4*	
Licensing gross profit		***25.4***		*28.0*	
Gross profit			**321.6**		287.4
Operating expenses	3		**(151.4)**		(130.3)
Core operating profit		***148.2***		*131.7*	
Licensing operating profit		***22.0***		*25.4*	
Operating profit			**170.2**		157.1
Finance income			**1.3**		0.2
Finance costs			**(0.9)**		(0.8)
Profit before taxation			**170.6**		156.5
Income tax expense	4		**(35.9)**		(28.1)
Profit attributable to owners of the parent			**134.7**		128.4

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

	Notes	**52 weeks ended 28 May 2023**	52 weeks ended 29 May 2022
Basic earnings per ordinary share	5	**409.7p**	391.3p
Diluted earnings per ordinary share	5	**409.4p**	390.6p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**52 weeks ended 29 May 2022 £m**	52 weeks ended 29 May 2022 £m
Profit attributable to owners of the parent		**134.7**	128.4
Other comprehensive income			
Exchange (losses)/gains on translation of foreign operations		**(1.5)**	0.8
Other comprehensive income for the period		**(1.5)**	0.8
Total comprehensive income attributable to owners of the parent		**133.2**	129.2

All items disclosed in the statements of comprehensive income will not be reclassified to the income statement.

The following notes form an integral part of this condensed consolidated financial information.

CONSOLIDATED BALANCE SHEET

	Notes	**28 May 2023 £m**	29 May 2022 £m
Non-current assets			
Goodwill		**1.4**	1.4
Other intangible assets	7	**21.2**	25.6
Property, plant and equipment	8	**55.7**	55.0
Right-of-use assets	9	**48.9**	48.1
Deferred tax assets		**12.0**	17.8
Non-current receivables		**13.6**	19.4
		152.8	167.3
Current assets			
Inventories		**33.0**	38.4
Trade and other receivables		**36.3**	39.6
Current tax assets		**14.5**	4.4
Cash and cash equivalents	10	**90.2**	71.4
		174.0	153.8
Total assets		**326.8**	321.1
Current liabilities			
Lease liabilities		**(9.9)**	(9.2)
Trade and other payables		**(37.0)**	(33.5)
Current tax liabilities		**(0.4)**	(1.1)
Provisions for other liabilities and charges	11	**(0.9)**	(0.8)
		(48.2)	(44.6)
Net current assets		**125.8**	109.2
Non-current liabilities			
Lease liabilities		**(40.0)**	(39.7)
Other non-current liabilities		**(0.5)**	(0.6)
Deferred tax liabilities		**(1.4)**	-
Provisions for other liabilities and charges		**(1.6)**	(1.5)
		(43.5)	(41.8)
Net assets		**235.1**	234.7
Capital and reserves			
Called up share capital		**1.6**	1.6
Share premium account		**18.9**	16.3
Other reserves		**1.4**	2.9
Retained earnings		**213.2**	213.9
Total equity		**235.1**	234.7

The following notes form an integral part of this condensed consolidated financial information.

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Called up share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total equity £m
At 30 May 2021 and 31 May 2021	1.6	14.5	2.1	178.1	196.3
Profit for the 52 weeks to 29 May 2022	-	-	-	128.4	128.4
Exchange differences on translation of foreign operations	-	-	0.8	-	0.8
Total comprehensive income for the period	-	-	0.8	128.4	129.2
Transactions with owners:					
Share-based payments	-	-	-	1.6	1.6
Shares issued under employee sharesave scheme	-	1.8	-	-	1.8
Deferred tax credit relating to share options	-	-	-	(1.4)	(1.4)
Current tax credit relating to exercised share options	-	-	-	0.7	0.7
Dividends declared and paid to Company shareholders	-	-	-	(93.5)	(93.5)
Total transactions with owners	-	1.8	-	(92.6)	(90.8)
At 29 May 2022 and 30 May 2022	1.6	16.3	2.9	213.9	234.7
Profit for the 52 weeks to 28 May 2023	-	-	-	134.7	134.7
Exchange differences on translation of foreign operations	-	-	(1.5)	-	(1.5)
Total comprehensive income for the period	**-**	**-**	**(1.5)**	**134.7**	**133.2**
Transactions with owners:					
Share-based payments	-	-	-	1.0	1.0
Shares issued under employee sharesave scheme	-	2.6	-	-	2.6
Deferred tax debit relating to share options	-	-	-	(0.2)	(0.2)
Current tax credit relating to exercised share options	-	-	-	0.3	0.3
Dividends paid to Company shareholders	-	-	-	(136.5)	(136.5)
Total transactions with owners	**-**	**2.6**	**-**	**(135.4)**	**(132.8)**
At 28 May 2023	**1.6**	**18.9**	**1.4**	**213.2**	**235.1**

The following notes form an integral part of this condensed consolidated financial information.

CONSOLIDATED CASH FLOW STATEMENT

	Notes	**52 weeks ended 28 May 2023 £m**	52 weeks ended 29 May 2022 £m
Cash flows from operating activities			
Cash generated from operations	13	**231.7**	159.2
UK corporation tax paid		**(31.3)**	(34.0)
Overseas tax paid		**(7.7)**	(3.7)
Net cash generated from operating activities		**192.7**	121.5
Cash flows from investing activities			
Purchases of property, plant and equipment		**(14.8)**	(17.0)
Purchases of other intangible assets		**(0.4)**	(1.4)
Expenditure on product development		**(13.1)**	(13.9)
Interest received		**1.2**	0.2
Net cash used in investing activities		**(27.1)**	(32.1)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**2.6**	1.8
Repayment of principal under leases		**(11.8)**	(11.1)
Lease interest paid		**(0.9)**	(0.8)
Dividends paid to Company shareholders		**(136.5)**	(93.5)
Net cash used in financing activities		**(146.6)**	(103.6)
Net increase/(decrease) in cash and cash equivalents		**19.0**	(14.2)
Opening cash and cash equivalents		**71.4**	85.2
Effects of foreign exchange rates on cash and cash equivalents		**(0.2)**	0.4
Closing cash and cash equivalents		**90.2**	71.4

The following notes form an integral part of this condensed consolidated financial information.

NOTES TO THE FINANCIAL INFORMATION

1. General information

The consolidated financial information of Games Workshop Group PLC is prepared under the going concern basis and in accordance with both international accounting standards in conformity with the requirements of the Companies Act 2006 and UK-adopted International Accounting Standards.

The financial information set out above does not constitute the company's statutory accounts for the periods ended 28 May 2023 or 29 May 2022 but is derived from those accounts. Statutory accounts for 2022 have been delivered to the registrar of companies, and those for 2023 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. Copies will also be available from Ross Matthews, Games Workshop Group PLC, Willow Road, Lenton, Nottingham, NG7 2WS. This information is also available on the Company’s website at http://investor.games-workshop.com.

The annual general meeting will be held at Willow Road, Lenton, Nottingham, NG7 2WS at 10am on 20 September 2023.

The annual financial report is prepared in accordance with the Listing Rules and Disclosure and Transparency Rules of the Financial Conduct Authority and accounting policies consistent with those used in the 2023 annual report.

The preparation of the consolidated financial information 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 information, deviate from actual circumstances, the original estimates and assumptions will be modified, as appropriate, in the period in which the circumstances change.

Management do not consider there to be any critical accounting estimates or judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

2. Changes in accounting policies

The Group considers that there are no new accounting standards, amendments or interpretations issued by the IASB, but not yet applicable, which have had, or are expected to have a significant effect on the financial information.

3. Segment information

As Games Workshop is a vertically integrated business, management assesses the performance of sales channels and manufacturing and distribution channels separately. Share-based payment charges and Group Profit Share Scheme charges to employees have all been included in core operating expenses.

At 28 May 2023 Games Workshop has two segments, core and licensing:

- Core: the core segment includes all revenue and expenditure relating to the design, manufacture and sales of our fantasy miniatures and related products. It also includes the revenue and expenditure related to Warhammer+.
- Licensing: the licensing segment includes all revenue and expenditure relating to licences granted to external partners.

We provide further information on revenue and expenses within the core segment below. The core segment has been divided into channels 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 events.
- Online: this includes sales through the Group's global web stores, our online subscription service (Warhammer+) and digital sales through external affiliates.
- Design, manufacturing, logistics and operations, which includes costs for:
  - the design studio (that creates all of the IP and the associated miniatures, artwork, games and publications);
  - the production facilities;
  - the warehouses and logistics costs;
  - charges for inventory provisions. This includes adjustments for the profit in stock arising from inter-segment sales;
  - support services (marketing, IT, accounting, payroll, personnel, procurement, legal, health and safety, customer services and credit control) provided to activities across the Group;
- Group: this includes the Company's overheads

The chief operating decision-maker, identified as the executive directors, assesses the performance of each segment based on segmental operating profit. This has been reconciled to the Group's total profit before taxation below.

	Core		Licensing		Total	
	2023	2022	**2023**	2022	**2023**	2022
	£m	£m	**£m**	£m	**£m**	£m
Trade	**248.0**	214.3	**-**	-	**248.0**	214.3
Retail	**106.4**	87.2	**-**	-	**106.4**	87.2
Online	**91.0**	85.3	**-**	-	**91.0**	85.3
Licensing	**-**	-	**25.4**	28.0	**25.4**	28.0
Revenue	**445.4**	386.8	**25.4**	28.0	**470.8**	414.8
Cost of sales	**(149.2)**	(127.4)	**-**	-	**(149.2)**	(127.4)
Gross Profit	**296.2**	259.4	**25.4**	28.0	**321.6**	287.4
Trade	**(11.8)**	(10.7)	**-**	-	**(11.8)**	(10.7)
Retail	**(61.7)**	(52.4)	**-**	-	**(61.7)**	(52.4)
Online	**(15.6)**	(11.7)	**-**	-	**(15.6)**	(11.7)
Design, manufacturing, logistics and operations	**(41.4)**	(37.6)	**-**	-	**(41.4)**	(37.6)
Licensing	**-**	-	**(3.4)**	(2.6)	**(3.4)**	(2.6)
Group	**(4.9)**	(3.8)	**-**	-	**(4.9)**	(3.8)
Share-based payment charge	**(1.0)**	(1.6)	**-**	-	**(1.0)**	(1.6)
Profit share scheme and discretionary payment charge	**(11.6)**	(9.9)	**-**	-	**(11.6)**	(9.9)
Operating expenses	**(148.0)**	(127.7)	**(3.4)**	(2.6)	**(151.4)**	(130.3)
Operating profit	**148.2**	131.7	**22.0**	25.4	**170.2**	157.1
Finance income	**1.3**	0.2	**-**	-	**1.3**	0.2
Finance costs	**(0.9)**	(0.8)	**-**	-	**(0.9)**	(0.8)
Profit before tax	**148.6**	131.1	**22.0**	25.4	**170.6**	156.5

3. Segment information continued

Additional revenue analysis

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. Sales regions analysed within the segments reported to the executive directors differ from the analysis of sales by customer geography, due to the categorisation of some European and Asian customers. For information, core external revenue is analysed further below:

	52 weeks ended 28 May 2023 £m	52 weeks ended 29 May 2022 £m
Trade		
UK and Continental Europe	**105.0**	90.4
North America	**112.8**	96.5
Australia and New Zealand	**14.3**	11.4
Asia	**10.4**	8.5
Rest of world	**3.4**	5.9
Black Library	**2.1**	1.6
Total Trade	**248.0**	214.3
Retail		
UK	**32.1**	25.7
Continental Europe	**21.1**	18.5
North America	**41.0**	33.6
Australia and New Zealand	**9.4**	7.3
Asia	**2.8**	2.1
Total Retail	**106.4**	87.2
Online		
UK	**16.2**	19.0
Continental Europe	**15.6**	16.3
North America	**35.7**	31.4
Australia and New Zealand	**4.1**	4.4
Asia	**0.6**	0.4
Rest of world	**1.0**	1.4
Digital	**17.8**	12.4
Total Online	**91.0**	85.3
Total external core revenue	**445.4**	386.8

External core revenue analysed by customer geographical location is as follows:

	53 weeks ended 28 May 2023 £m	52 weeks ended 29 May 2022 £m
UK	**97.2**	83.4
Continental Europe	**104.8**	95.6
North America	**197.4**	169.7
Australia and New Zealand	**28.9**	23.3
Asia	**14.7**	11.8
Rest of world	**2.4**	3.0
External core revenue	**445.4**	386.8

The Group is not reliant on any one individual customer.

Additional operating expenses analysis

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

	52 weeks ended 28 May 2023 £m	52 weeks ended 29 May 2022 £m
Trade	**0.1**	-
Retail	**11.4**	11.0
Online	**3.0**	2.8
Design, manufacturing, logistics and operations	**28.6**	22.2
Total group charges for impairment, depreciation and amortisation	**43.1**	36.0

3. Segment information continued

Non-current asset analysis

Non-current assets (excluding deferred tax and non-current financial instruments) located within the UK were £95.2m (2022: £120.6m) and all other countries were £32.0m (2022: £28.9m). Tangible, intangible and right-of-use asset additions included within the UK were £26.8m (2022: £34.5m) and all other countries were £13.6m (2022: £9.0m).

Other non-cash charges

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

	Charge to inventory provisions		Redundancy costs and compensation for loss of office	
	52 weeks ended 28 May 2023 £m	52 weeks ended 29 May 2022 £m	**52 weeks ended 28 May 2023 £m**	52 weeks ended 29 May 2022 £m
Core	**(8.0)**	(10.6)	**(0.7)**	(0.5)
Licensing	**-**	-	**(0.4)**	(0.1)
Total group charge	**(8.0)**	(10.6)	**(1.1)**	(0.6)

4. Taxation

	52 weeks ended 28 May 2023 £m	52 weeks ended 29 May 2022 £m
Current UK taxation:		
UK corporation tax on profits for the period	**25.1**	31.3
Adjustments to tax charge in respect of prior periods	**0.6**	(0.4)
	25.7	30.9
Current overseas taxation:		
Overseas corporation tax on profits for the period	**3.6**	4.3
Adjustments to tax charge in respect of prior periods	**(0.9)**	0.8
Total current taxation	**28.4**	36.0
Deferred taxation:		
Origination and reversal of timing differences	**6.4**	(7.3)
Adjustments to tax charge in respect of prior periods	**1.1**	(0.6)
Tax expense recognised in the income statement	**35.9**	28.1
Current tax credit relating to sharesave scheme	**(0.3)**	(0.7)
Deferred tax debit relating to sharesave scheme	**0.2**	1.4
(Credit)/debit taken directly to equity	**(0.1)**	0.7

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:

	52 weeks ended 28 May 2023 £m	52 weeks ended 29 May 2022 £m
Profit before taxation	**170.6**	156.5
Profit before taxation multiplied by a blended rate of corporation tax in the UK of 20% (2022: 19%)	**34.1**	29.7
Effects of:		
Items not assessable for tax purposes	**(0.4)**	(1.3)
Different tax rates on overseas earnings	**0.9**	(1.1)
Tax rate changes	**0.5**	1.0
Adjustments to tax charge in respect of prior periods	**0.8**	(0.2)
Total tax charge for the period	**35.9**	28.1

The UK corporation tax rate increased from 19% to 25% from 1 April 2023. This change had been substantively enacted at 29 May 2022 and is therefore reflected in this condensed consolidated financial information.

Items not assessable for tax purposes include the UK's super deduction for fixed asset additions as well as tax relief for other taxes paid.

5. 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.

	52 weeks ended 28 May 2023	52 weeks ended 29 May 2022
Profit attributable to owners of the parent (£m)	**134.7**	128.4
Weighted average number of ordinary shares in issue (thousands)	**32,881**	32,813
Basic earnings per share (pence per share)	**409.7**	391.3

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.

	52 weeks ended 28 May 2023	52 weeks ended 29 May 2022
Profit attributable to owners of the parent (£m)	**134.7**	128.4
Weighted average number of ordinary shares in issue (thousands)	**32,881**	32,813
Adjustment for share options (thousands)	**17**	60
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**32,898**	32,873
Diluted earnings per share (pence per share)	**409.4**	390.6

6. Dividends per share

Dividends of £29.6m (90 pence per share), £9.8m (30 pence per share), £14.8m (45 pence per share), £42.8m (130 pence per share) and £39.5m (120 pence per share) were declared and paid during the current period.

Dividends of £13.1m (40 pence per share), £8.2m (25 pence per share), £11.5m (35 pence per share), £21.3m (65 pence per share) and £23.0m (70 pence per share) were declared and paid during the prior period. Dividends of £16.4m (50 pence per share) were declared during the period ended 30 May 2021 and paid during the period ended 29 May 2022.

As a result of a procedural oversight, 2 pence per share of the dividend paid on 25 November 2022 was classed as an unlawful dividend. Although the Company always had sufficient reserves to pay this dividend at the time it was made, the Companies Act 2006 requires this to be demonstrated by reference to interim accounts filed at Companies House prior to payment. Those interim accounts, however, were not filed with Companies House until after the relevant dividend had been paid and after the lapse had been identified. No fines or penalties have been incurred by the Company. Please see resolution 15 tabled in the notice of meeting for the annual general meeting ('AGM').

7. Other intangible assets

	2023 £m	2022 £m
Net book value at the beginning of the period	**25.6**	23.7
Exchange differences	**-**	0.1
Additions	**13.5**	15.3
Disposals	**(0.2)**	(0.3)
Reclassifications	**(0.2)**	(0.2)
Amortisation charge	**(13.9)**	(11.7)
Impairment	**(3.6)**	(1.3)
Net book value at the end of the period	**21.2**	25.6

8. Property, plant and equipment

	2023 £m	2022 £m
Net book value at the beginning of the period	**55.0**	49.8
Exchange differences	**0.1**	0.5
Additions	**14.2**	16.3
Disposals	**(0.1)**	(0.1)
Reclassifications	**0.2**	0.2
Depreciation charge	**(13.7)**	(11.7)
Net book value at the end of the period	**55.7**	55.0

9. Right-of-use assets

	2023	2022
	£m	£m
Net book value at the beginning of the period	**48.1**	46.0
Exchange differences	**0.1**	1.4
Additions	**12.7**	11.9
Disposals	**(0.1)**	-
Depreciation charge	**(11.9)**	(11.2)
Net book value at the end of the period	**48.9**	48.1

10. Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	2023	2022
	£m	£m
Cash at bank and in hand	**90.2**	71.4
Cash and cash equivalents	**90.2**	71.4

11. Provisions for other liabilities and charges

Analysis of total provisions:

	2023	2022
	£m	£m
Current	**0.9**	0.8
Non-current	**1.6**	1.5
Total provisions for other liabilities and charges	**2.5**	2.3

	Employee benefits	Property	Total
	£m	£m	£m
At 29 May 2022 and 30 May 2022	1.8	0.5	2.3
Charged to the income statement:			
- Additional provisions	0.4	-	0.4
Utilised	(0.2)	-	(0.2)
At 28 May 2023	**2.0**	**0.5**	**2.5**

12. Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is £3.8m (2022: £4.3m). Inventory purchase commitments contracted for at the balance sheet date are £7.4m (2022: £6.7m).

13. Reconciliation of profit to net cash from operating activities

	2023	2022
	£m	£m
Profit before taxation	**170.6**	156.5
Finance income	**(1.3)**	(0.2)
Finance costs	**0.9**	0.8
Operating profit	**170.2**	157.1
Depreciation of property, plant and equipment	**13.7**	11.7
Depreciation of right-of-use assets	**11.9**	11.4
Net impairment charge of intangible assets	**3.6**	1.3
Loss on disposal of intangible assets	**0.2**	0.3
Loss on disposal of right-of-use-assets	**0.1**	-
Loss on disposal of property, plant and equipment	**0.1**	-
Amortisation of capitalised development costs	**12.1**	10.1
Amortisation of other intangibles	**1.8**	1.6
Exchange movement	**(1.6)**	-
Share-based payments	**1.0**	1.6
Changes in working capital:		
- Decrease/(increase) in inventories	**6.0**	(12.2)
- Decrease/(increase) in trade and other receivables	**8.1**	(21.5)
- Increase/(decrease) in trade and other payables	**4.2**	(2.2)
- Increase in provisions	**0.3**	-
Net cash from operating activities	**231.7**	159.2

GLOSSARY

Alternative Performance Measures (APMs)

APM definitions	Closest equivalent IFRS measure	Reconciliation to closest IFRS measure where applicable
Core revenue Direct sales made of our core products to external customers, through the Group's network of retail stores, independent retailers and online through the global web stores	Revenue	Core revenue is reconciled to revenue in note 3 to the financial statements.
Core gross profit Core gross profit is core revenue less all related cost of sales	Gross profit	Core gross profit is reconciled to gross profit in note 3 to the financial statements.
Core operating expenses Operating expenses relating to the core business of selling directly to external customers	Operating expenses	Core operating expenses are reconciled to operating expenses in note 3 to the financial statements.
Core operating profit Core operating profit is core revenue less all related cost of sales and operating expenses	Operating profit	Core operating profit is reconciled to operating profit in note 3 to the financial statements.
Licensing revenue Income relating to royalties earned from third party licensees	Revenue	Licensing revenue is reconciled to revenue in note 3 to the financial statements.
Licensing gross profit Licensing gross profit is licensing revenue less any related cost of sales	Gross profit	Licensing gross profit is reconciled to gross profit in note 3 to the financial statements.
Licensing operating expenses Operating expenses relating to the licensing segments	Operating expenses	Licensing operating expenses are reconciled to operating expenses in note 3 to the financial statements.
Licensing operating profit Licensing operating profit is licensing revenue less all related cost of sales and operating expenses	Operating profit	Licensing operating profit is reconciled to operating profit in note 3 to the financial statements.
Revenue at constant currency **Core operating profit at constant currency** **Licensing operating profit at constant currency** Amounts for current and prior periods, stated at a constant exchange rate.	Revenue Operating profit Operating profit	These are calculated by converting underlying revenue, core operating profit and licensing operating profit amounts at local currency values for the current period at the prior period average exchange rate.

	2023 Actual	 Impact of FX	 Constant currency	2022 Actual
Revenue	470.8	(23.5)	447.3	414.8
Core operating profit	148.2	(16.3)	131.9	131.7
Licensing operating profit	22.0	(2.1)	19.9	25.4

APM definitions	Closest equivalent IFRS measure	Reconciliation to closest IFRS measure where applicable
Core average capital employed This is a measure of the capital employed in the core business averaged over a 12 month period	None	This value is calculated by taking monthly net assets and adjusting for any cash, borrowings, licensing receivables, exceptional provisions, taxation and dividends, for each of the 12 months. These are then added together and divided by 12 to give the core average capital employed.

	12 month average 2023 £m	 2022 £m
Net assets	257.4	228.5
Cash	(105.3)	(87.0)
Licensing receivables	(22.5)	(20.2)
Taxation	(17.9)	(10.0)
Core average capital employed	111.7	111.3

APM definitions	Closest equivalent IFRS measure	Reconciliation to closest IFRS measure where applicable
Return on capital employed (ROCE) Measure of the profit relative to the amount of capital employed. The higher the ROCE, the greater the return for the capital employed	None	Return is a percentage calculated by dividing the core operating profit (2023: £148.2m, 2022: £131.7m) by the core average capital employed (2023: £111.7m, 2022: £111.3m).
Cash generated - pre dividends paid Movement in cash in the period before any payments of dividends are taken into account	Net increase/(decrease) in cash and cash equivalents	Net increase in cash-pre dividends paid can be calculated by taking the net increase/(decrease) in cash and cash equivalents (2023: £19.0m, 2022: (£14.2m)) and adding back the dividends which have been paid in the period (2023: £136.5m, 2022: £93.5m).