PRESS ANNOUNCEMENT

GAMES WORKSHOP GROUP PLC

26 July 2022

ANNUAL REPORT

Games Workshop Group PLC ("Games Workshop" or the "Group") announces its annual report for the 52 week period to 29 May 2022.

Highlights

	52 week period to 29 May 2022 £m	52 week period to 30 May 2021 £m
Core revenue	**386.8**	353.2
Licensing revenue	**28.0**	16.3
Revenue	**414.8**	369.5
Revenue at constant currency	**418.6**	369.5
Core operating profit	**131.7**	136.7
Licensing operating profit	**25.4**	15.0
Operating profit	**157.1**	151.7
Operating profit at constant currency	**161.5**	151.7
Profit before taxation	**156.5**	150.9
Net increase in cash - pre-dividends paid	**79.3**	93.4
Earnings per share	**391.3p**	372.7p
Dividends per share declared in the period	**235p**	235p
Dividends per share paid in the period	**285p**	185p

Kevin Rountree, CEO of Games Workshop said:

"It's been another astonishing year. I once again take great comfort that some things don't change - our staff and customers love Warhammer. I thank you all for helping make this another very successful year."

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The full 2022 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 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 intellectual property ('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 (there's never a dull moment here!). To support them, we offer all of our staff both personal development and skills training.

We continue to believe there are great opportunities for our business to grow, particularly in North America and Asia, the latter being on a longer timeframe.

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'.

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 offshoot of Warhammer 40,000, the Horus Heresy brand is presented as a 'fictional history' of that universe

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

Strategy and objectives continued

Our brands continued

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 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 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 added a small dedicated factory, just for paint, which operationally went live in May and this, together with our two main factories, two warehouse facilities, design studios and back office support functions are all based in or near Nottingham.

Design

We design all of our products at our HQ in Nottingham. Employing 284 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 2021/22 we invested £16.7 million in the studio (including software costs) with a further £5.7 million spent on tooling 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. It's where we started and where we intend to stay.

Logistics

Our product is distributed from our main warehouse at our HQ or our new rented warehouse facility approximately 25 minutes away. These facilities supply our two hubs; one in Memphis, Tennessee and one in Sydney, Australia. Between these four facilities, 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 probably 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 518 of our own retail stores in 23 countries. Our stores contributed 23% of the year's sales. We have 400 single staff stores: small sites, each one operated by only one store manager. We also have 118 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 and Nottingham. We also have small telesales teams in Sydney, Tokyo, Shanghai, Singapore, Hong Kong and Kuala Lumpur. In 2021/22 we had 6,200 independent retailers (2021: 5,400) in 72 countries. We strive to deliver excellent service, operating in 23 languages covering all time zones. 55% of our core revenue came from sales to independent retailers in the period reported. These sales are from their physical stores as well as their own online web stores.

Business model and structure continued

Sell continued

Online - sales via our own web stores accounted for 22% of total core revenue in 2021/22. 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 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 and 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 - 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 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. My structure is now split into two teams: a core business team and a licensing business team.

The core business is split into five parts: product design and IP creation, manufacturing and supply chain, sales, marketing, and operations and support. Licensing is now split into two main areas: media and video games. I also have an executive assistant, who supports me, and runs a team that supports the day to day running of the teams above.

We have a global IP and product design director who is responsible for our design studios (miniatures, books and box games, specialist systems, Warhammer hobby product and our publishing business - Black Library). They work very closely with our new creative director who manages our licensing team. Together, they ensure any content that is produced, whether physical or virtual, truly represents our IP.

The responsibility for our retail chain is split between two retail territory heads, one for North America and Asia and one for the rest of the world. Our trade sales are the responsibility of a single head of trade sales. Our online store (our biggest store) is now the responsibility of our rest of the world retail manager, who also manages our biggest physical store, Warhammer World.

These sales channels are supported by a merchandising team, managed by the global manufacturing and supply chain director, and by the marketing team that sits under the group marketing manager. The global manufacturing and supply chain director also manages the factories and our four main warehouse facilities in Nottingham, Memphis and Sydney.

Our operations and support structure includes a chief financial officer for Games Workshop who is responsible for accounts, HR, legal and compliance and IT.

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:

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 and depreciation of manufacturing equipment and 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 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 under our direct control.

Year to date licensing revenue

This measures licensing revenue earned from licensing. This is a measure which reflects revenue which is not under our control.

Key performance indicators continued

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: see 'Trade' paragraph.

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 year

Another record year for Games Workshop - the business and the Warhammer hobby are in great shape. Another amazing team effort - thank you all!

Our annual report seems to get longer and longer and my job more and more bureaucratic (I have duties and obligations that may seem onerous and tiresome - they are not), however, one thing remains constant - we love Warhammer, and we continue to deliver on our strategy: to make the best miniatures in the world. Thanks again to our design to manufacture teams; the quality and product range have again been incredible, sales of our miniatures have grown for the seventh year in a row.

More Warhammer. More Often - core business

This year has been exceptional, we not only beat the record revenue of a Warhammer 40k launch year, we did it with some ongoing operational growing pains (thankfully reducing) and the additional cost pressures from Covid, Brexit and the war in Ukraine. As an international business, somewhere in our Group we are still feeling the emotional and financial pain of these - we hope the horrendous war in Ukraine ends soon. The light at the end of the tunnel was that as the year evolved, the impact from Covid significantly reduced.

We finished the year making up for what seems like some lost time on face to face collaboration, staff development, improving our processes and some team fun. We are still working on improving general morale to pre-Covid levels in some countries: we will be trying new ways to improve our communication and ongoing support at a local and global level in the new year. I got caught watching a little in Australia and Asia, sorry to our staff and customers. We had to reduce our service levels due to some of the lingering effects of Covid and international shipping challenges. I didn't do a great job managing expectations. It's a priority to put that right. Australia seems to be improving and we wait to respond to the ever changing announcements coming out of China. We have put in more regular Q&A sessions with our staff globally.

Morale is good but we are checking levels more often. We are more mindful that it's been a tough few years for most people. There has been lots of change. We put our staff at the heart of everything we do well, so to help monitor morale in a mostly post Covid world, we try to ensure that our business units always feel fully supported and are a fun place to work. We will do more to help foster a workplace that consists of people with our shared values and beliefs and ensure that everyone recognises that compassion towards each other and appreciation of individual efforts in a team help us deliver consistent results. We champion diversity and equality: Games Workshop and the Warhammer hobby are for everyone.

As mentioned above, it has been a challenging year in parts; they all are these days. We are pragmatically getting used to this new normal and remain focused on delivering the day job. Whether that's full time at our sites or working remotely, our staff have delivered another fantastic year.

Most external factors affecting Games Workshop are not new. My best guess is losing Russia sales for a full year is c.£4 million lost in net revenue. Additional freight and carriage costs is c.2.4% of sales.

Major highlight:

Our relentless focus on producing the highest quality miniatures continues to deliver results. That combined with a customer focused approach helped us sell more miniatures than any year before.

Low point:

Stuff not in our control - Brexit has added £3.4 million of additional supply chain costs, we have an outstanding £11 million VAT receivable (a timing difference as we now pay VAT on entry to Europe and submit a reclaim) with the French tax authorities and we are trying to mitigate staff recruitment gaps especially those with language skills in the UK based European trade team. We look forward to the Brexit benefits promised.

More Warhammer. More Often - core business continued
The results: we have again delivered a consistent financial performance built on investing in the things that drive net cash generation. This is driven by making the best miniatures in the world supported by strict cost control and working capital management; ensuring we have sufficient cash to purchase the resources we need to give us the best chance of delivering our long term and short term goals and to pay a fair return to our shareholders and pay to our staff. We continue to pay our taxes and suppliers on time and we thank our trade accounts for paying us on time too. We continue to take some risks and we don't forecast too far out and are careful not to fool ourselves that forecasting too far out in time brings any certainty.

In line with our Group profit share scheme, we have paid in total £9.9 million (2021: £2.6 million profit share plus £10.6 million discretionary payment) to staff to further reward their exceptional performance in helping to increase our profitability in the period reported. Total dividends declared in the period were £77 million, 235 pence per share (2021: £77 million, 235 pence per share).

Some more detail:
In the year we have increased our design, factory and warehouse capacity - it's slightly late but it's always better to go live when we're ready rather than not. As a team we took the easy decision to pause our ERP project in January 2022 (we were not spending money wisely) while we delivered the final parts of the projects that add real value: our Memphis warehouse project, which I'm delighted to report has now gone live, and also phase one of our online webstore project started well and is on track to be completed later this year. That should ensure we are on a stable online platform. We will restart the ERP project again soon. I'm told it will be a project ongoing in the background for some time. I may have been more than a little optimistic to think otherwise. Our IT and support teams are doing a great job keeping things business as usual and have welcomed the break from the project. I'm sure they'll be refreshed and ready to go again later this year. Our new global head of IT will, I'm sure, be a breath of fresh air.

We continue to deliver through a multi-channel approach - our retail and trade channels were in growth again in the period reported. Most significant countries were in growth - with only Australia, China and Russia falling short.

Our online store broadly maintained the step change from £50 million in 2019/20 to £90 million delivered in 2020/21 and £85 million in 2021/22 and with retail and trade in double digit growth, I see that as a success (a reminder our online store does not offer a discount off the RRP, most trade accounts do).

Our retail stores continue to recover sales levels back to pre-Covid closure levels at different rates, more importantly for us, 92% of our own stores are profitable - proving again our low cost model is fairly robust.

Our trade accounts have supported us well during the year. We are delighted we have added more outlets in the most significant countries we trade in and continue to grow our export countries. We again thank them for their ongoing support and patience when our delivery service levels fell short. Our service levels are now very close to being back to normal levels.

As a team we care passionately about people and the world around us. Our people team, with the support from staff across the business, have been working on improving our induction programmes, staff development and checking our recruitment processes are free from any bias. We are also making good progress on ESG topics. I can see we are doing ever more to focus on topics like diversity and inclusion, delivering on our legal requirements and ensuring our suppliers meet industry ethical supply standards as well as our commitments on health and safety.

We are also committed to supporting best practice - there are lots of things to evaluate and the list grows every year. The key areas on our agenda: we are documenting a new science-based target approach to do what's in our control to keep global warming to below 1.5°C and looking at how we can reduce waste. I promise to report progress on those in our normal open and honest way. It will take some time for these to have a significant impact, however, we are absolutely committed to making progress. During the period we have started to recycle plastic - our granulator can take in finished goods and turn them back into raw materials. It's early days but a major step in the right direction.

Design
It's been another great year for IP development and miniature design at Games Workshop. Our extended team, up 21 in the year to 284, have mostly migrated back to the HQ. We will continue to strengthen our IP and miniatures creation teams, scouring the world for talent. It will be several years before these additional investments deliver their full return, but they are fundamental to our strategy of ensuring we deliver the best miniatures and IP in the world, forever. Over the last few years, we have been working towards offering a full experience of Warhammer to our key export territories: official translations and marketing support. We have made some great progress and await the chance to exploit these fully. Our in-house Chinese translation team is now fully operational and delivering under very challenging lockdown conditions. Our Russian translation team, based in the UK, is operational and working hard pending a wider decision about our future in Russia, although currently all trading is suspended.

After a great launch in July 2021, subsequent Warhammer: Age of Sigmar releases were affected by shipping delays meaning we lost some momentum. That said, Age of Sigmar remains in good shape and we have an exciting roadmap of releases going forward.

Warhammer 40,000 continues to perform. Our new style launch boxes are proving very popular with customers who want to buy everything new in a single purchase. The UK release of 'Imperium,' the Warhammer 40,000 magazine partwork, designed and made by us but sold and distributed by a licensing partner, was followed by successful launches in Spain, Germany and, a first for us, the US. It is proving another route into our hobby for both new and lapsed hobbyists.

More Warhammer. More Often – core business continued

Design continued

The financial period closed with the release of Necromunda: Ash Wastes, adding more background and fantastic new models to one of our lesser known, but no less rich, IPs.

Painting is a hugely important part of our hobby for the majority of our customers and a key focus for us. Covid lockdowns slowed our paint development plans but next year will mark a step change in the pace at which we will develop the range.

Our monthly magazine 'White Dwarf' is again growing in readership and reach, now appearing on shelves of over 2,300 locations in the UK alone.

After a record performance last year, Black Library, our novel publishing division, struggled in the face of global supply disruption with many key new releases arriving later than planned. Underlying sales continue to grow, especially in the digital space, with sales of electronic and audio books exceeding those of physical for the first time ever.

The strategy of keeping customers engaged by broadening and deepening our offer sees us continue to invest in IP and design with studio payroll costs increasing by £1.1 million to £10.0 million; as a percentage of core revenue, they have fallen by 0.5% to 2.8%. This additional investment will allow us to broaden our miniatures range and provide additional intellectual property for exploitation through our licensing team.

Manufacturing

Our manufacturing team has for the seventh year in a row delivered record output. They continue to work on a 24/5 shift pattern and we are keeping our overtime to a minimum and leaving weekends for our staff to enjoy.

Our manufacturing facilities and capabilities have continued to expand with the installation of more machinery in our UK factories enabling 2021/22 to be a year of record factory output. In total Factories 1 and 2 now operate 43 injection moulding machines (up 4 on last year) and these have enabled weekly volumes to regularly exceed record cycles per week. At the end of the period, we successfully opened a third Nottingham factory dedicated to paint production (note: to help you understand the scale it is 1,000 sqm versus our main Factory 1 at 5,500 sqm). Consolidating all paint production into this new specialised facility not only opens the door to greater efficiency, it also releases space within Factories 1 and 2 for future injection moulding growth.

CCC product safety registration for China continues in the background as our third party warehouse in Shanghai starts to reopen. We have had to pragmatically pause, in line with local government restrictions, any efforts on growing our hobby communities in this region. We will start as soon as we can.

The land we purchased in 2020 near our Factory 2, will be cleared to get it ready for increasing space for packing, manufacturing, tooling or in the short term, car parking space. In the meantime, we are pursuing options for additional space close to our main HQ to allow us to begin the work on optimising our Factory 1 and Factory 2 space.

Production payroll costs rose in the year in line with volume with costs increasing by £2.0 million to £12.0 million, increasing to 3.1% of core revenue.

Warehousing

Another exciting year of investment at our main facilities. We have significantly increased our capacity in the year and by the end of summer 2022, we will have the best facilities Games Workshop has had, ever.

North America

The new systems and automation are fully operational. This brought immediate benefits enabling long standing order backlogs to be cleared. The investments we have made mean that the number of orders we can pick and dispatch each day has quadrupled. Customer orders that previously might have taken up to two weeks to dispatch will now typically be shipped within 24 hours (note: postal/shipping times remain two to four days depending upon destination and carrier). It's worth noting the new warehouse system still interfaces with our legacy IT systems, which continue to cause us daily operational processing challenges; thanks to our team most problems go unnoticed by our customers. We apologise for the poor customer service we offered for much of the year and are confident that with this milestone project now delivered, service will be much improved going forward.

UK

The East Midlands Gateway (EMG) distribution facility has been improving month on month since opening in July 2020. It continues to support our manufacturing process with storing components and distributing our major new releases. We are planning for a fully operational go live in summer 2022. It will mirror the technology and process we have been using successfully for six months at Memphis.

In a period of increasing scarcity and rising costs of short-term warehousing across the UK, the EMG facility has reduced our reliance on third party storage. Currently we have 13% (2020/21: 16%) of physical inventory offsite. Working closely with our haulage partner, our original Eurohub facility in Nottingham has been able to offer a markedly improved service to European customers shopping on games-workshop.com. Work to reconfigure and repurpose the original Eurohub facility to become our primary component facility is ongoing.

More Warhammer. More Often – core business continued

Warehousing continued

Australia

Global sea freight has remained highly disrupted and this has had a direct impact upon product availability and new miniature launches with 8% of our new releases delayed. There has been a slow and gradual improvement in availability and we expect this trend to continue. We look forward to our facility based in Sydney getting back to its normal rhythm in 2022/23.

Total warehousing costs have increased by £4.0 million to £20.3 million, the majority of the increase being staff costs; as a percentage of core sales they have increased from 4.8% to 5.2%.

Services

We continue to invest in the core support functions of the business.

During 2021/22 we have transitioned our staff to new ways of working with a mix of hybrid or office based working depending on the requirements of each job. We have improved the tools available to managers to manage their teams effectively by improving training, from IT security through to mental wellbeing, using our learning management system. We have expanded our health, safety and wellbeing function to 9 people, to ensure we look after everyone who works at Games Workshop in the best way possible.

Our IT team successfully transitioned our pre-Covid office based staff back to office based or hybrid working during the year. They have also worked alongside other business areas to help deliver the Memphis and EMG warehouse projects as well as the upgrade to the webstore.

As we discussed last year, we have continued our focus on ESG areas by appointing a senior manager to help bring all of our good work together and help move it forward.

Customer focused

Our goal remains to reach, engage and inspire Warhammer fans everywhere.

As lockdown eased, we returned to hosting physical location events. This return to getting together and celebrating all things Warhammer allowed us to make good on our promise to continue to support event organisers across the wider Warhammer community and enable thousands of new people to experience Warhammer for the first time. In the year, we engaged with around a thousand independent events helping them grow their local Warhammer community and giving our core customers more opportunities to enjoy their Warhammer collections.

We also attended many of the largest tabletop events in the world, interacting with tens of thousands of people through introductory Warhammer activities such as paint-and-take and demo games, and at these, we had some additional fun launching an all new location experience - Kill Team Live. This saw thousands of players take part in a specially created game of laser tag using custom blasters imitating those from the 41st millennium. Finally, the Golden Demon returned. This, our world-renowned painting competition which celebrates the modelling and painting aspect of Warhammer in all its glory. Not only was this the first Golden Demon since lockdown, but this was the first time we'd held the competition in the US for over a decade. Our fans in North America were delighted.

In the year we delivered more rich online content than ever before:

The Space Marine armouring vignette explored a seminal piece of our IP, our Kill Team trailer unveiled a range of new miniatures and propelled a new edition of our Warhammer 40,000 skirmish game to an exciting start, and the Horus Heresy trailer showcased the full spectacle of mass battle in the far future, announcing to our legion of fans that something special was coming this summer. These pieces of animated content racked up c. 9 million views on our own channels alone, to say nothing of the millions of views generated elsewhere through reposting, watch alongs etc. We think it is safe to say that Warhammer content has never been viewed more than it has this year.

Our goal is to give Warhammer fans a safe and welcoming online environment. We continue to focus our efforts on four of our own key spaces:

Warhammer Community

Warhammer-community.com remains the cornerstone of our online presence. Over the year, the team again put out over ten thousand pieces of content to engage, inform and inspire Warhammer fans globally. There are more people reading about Warhammer than ever!

My Warhammer

Registrations continue to grow at pace and are up +140% on 2020/21.

Warhammer+

In the year we launched Warhammer+. It is only now approaching its first anniversary and so it is still in very early development. The exciting content delivered through Warhammer+ will remain an integral part of our digital offer and how we share our IP.

Email

Our email campaigns continue to be one of our most effective methods of communication. The team has worked hard to understand our customers and develop the tools to ensure we're talking to them about the parts of Warhammer they value most. Subscribers increased by 39%. We continue to look for more ways to surprise and delight our loyal fans.

More Warhammer. More Often - licensing business
Towards the end of the year, I appointed a new creative director, putting IP nous at the heart of our licensing opportunities. 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.

Our strategy is to exploit the value of our IP beyond our core tabletop business, leveraging 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
It is our intent that any new partner/s will become the home of Warhammer on screen for many years to come. We acknowledge that given that they will need sufficient time to invest and deliver the quality we believe our IP deserves. A greater slice of our IP and direct access to the experts in our IP development team will allow them to invest in Warhammer with the confidence that they have our full support on the interpretation of the IP. We will keep you updated with any significant progress.

Video games
During the year our licensing partners launched six new games; four PC/console, one virtual reality 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 the highly anticipated Total War: Warhammer 3, and Warhammer 40,000: Chaos Gate Daemonhunters.

Eight new games were announced in the year including Space Marine 2, which has been the most consistently requested game since the first game came out in 2011. Fan response was overwhelmingly positive.

New games launching in 2022/23 include major franchises Warhammer 40,000: Darktide and Bloodbowl 3, plus four more still awaiting release dates. In total there are 12 unreleased games in development and four new licences were signed in the year. We recognised one significant one in the income statement this year at £7.5 million with Nexon - note this is not all paid in cash at the time it is recognised. The cash is paid throughout the lifetime of the licence.

Priorities for 2022/23
Core business
We have made some reasonable 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.

To summarise - our current areas of operational focus are:
- keeping our loyal hobbyists engaged in their Warhammer hobby,
- recruiting more hobbyists,
- mitigating a c.2% (c.£8 million) decline in core gross margin, which is a fair challenge. In the year we reviewed our input price increases and they looked more permanent, so we increased our prices on a broader existing range by c.5%. We will always, in the short term, continue to absorb some of the cost pressures ourselves - we prefer to only increase prices for the additional quality of new miniatures. We are focusing our efforts on efficiency improvements everywhere and further volume growth.
- getting our major projects over the line: our investments in a new finished goods warehouse near Nottingham (estimated go live date summer 2022) and our new ERP system (estimated delivery date - plan pending) restarted.

Of course, as a vertically integrated international company, we have lots of other things to worry about. We will continue to monitor and deal with those as a team in our normal way - through hard work, grit and determination with a little humour too. Life's never dull at Games Workshop and that's why we enjoy it so much.f

As part of our overall strategy, six key initiatives will be prioritised in 2022/23. 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 only 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.

Priorities for 2022/23 continued

Core business continued

Growth

We are planning for all of our existing 518 stores to be fully operational and, to add a further 21 new stores: 15 in North America and 5 in Europe (in France, after another successful year) with our new Warhammer café in Tokyo opening too. This will be our first large store in Japan. Warhammer World is a long way away, so we hope this goes some way to immersing our hobbyists in our broader offer. I can't wait to see how well it launches and is received by our relatively small but ever growing hobby community 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 the summer. 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 have a broader range of products to offer with the launch of our third range, Horus Heresy.

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

Customer focus

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

Social responsibility

We now have our first joined up draft* plan. We will continue to focus on ethical sourcing and staff wellbeing, diversity and inclusion - delivering our legal requirements. We are reviewing the business consequences of collecting and reporting on race and ethnicity - to date we have never collected that data from our staff. We are not sure it is the right thing to do or have legal authority in some countries to request it without failing some other legal requirement. It's a complex problem to solve and we don't discriminate.

We continue our work on TCFD reporting, our first attempt is detailed in the annual report 2022. We will report progress on science-based targets next year. The team are working on driving more value through well thought through and deliverable sustainable site waste reduction and extending our sustainable packaging initiatives. We care about the planet and the people that live on it. We will report with clarity and be very honest about our progress - we don't intend to do any greenwashing.

Committed to diversity, we will continue to performance manage and recruit for the personal qualities you need to do a particular job as well as the necessary skills. We do not select based on any other criteria. 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 has enormous implications for society. We acknowledge that fully. We are committed to doing our bit. We won't make any long-term promises - we never do on any topic. We will guarantee to take it seriously and make progress every year. By continuing to do the right thing, we will deliver change. More recently we have created a new 'sustainability action list' which aligns our approach of just doing the right thing with better external reporting. The action list will focus our efforts on where we can make the biggest difference. We believe that we create long-term value for our stakeholders through delivering on each of these elements: growth, good cash returns and by having a positive impact on others.

Licensing business

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

Media

Our IP is huge and there are many opportunities, we will keep you informed appropriately in line with any agreement with potential partners. We will also seek the appropriate legal support on what we can say and what we can't…it's quite complex and we don't wish to slip up on any of our legal duties or misrepresent progress when this industry works at a different pace to our core business. I continue to remind our team, it's a long process and we can fail at many hurdles. We remain confident we will bring the worlds of Warhammer to the screen like you have never seen before. We are pragmatically patient, it's not in our complete control.

Video game partners

We are looking to add more long-term partners to help us globally reach even more fans of our IP. The year ahead looks reasonably exciting with three major launches in the period. The efforts it takes to bring a video game to launch is incredible - we take this opportunity to thank our current partners for their ongoing investment in Warhammer, their hard work and dedication in representing our IP true to their artistic and literary form and wish them continued success.

*This will be an investment we commit to every year. Often long-term commitments like these are paused when financial KPIs need to be maintained. To deliver a long term change we really need to commit for the long term.

Sales

This year we have reclassified royalties receivable from other operating income within the income statement to licensing revenue, given the growing prominence of this income stream. Core revenue is the revenue earned from the designing, making and selling our hobby.

Reported core revenue grew by 10% to £386.8 million for the period. On a constant currency basis, sales were up by 11% from £353.2 million to £391.5 million; split by channel this comprised: Trade £218.1 million (2021: £194.8 million), Retail £88.1 million (2021: £70.7 million) and Online £85.3 million (2021: £87.7 million).

Licensing revenue from royalty income increased in the year by £11.7 million to £28.0 million. This was largely due to a high level of guarantee income on multi-year contracts signed in the year; 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: 83% PC and console games, 7% mobile and 10% other. In the period, guarantee income was £15.0m (2021: £4.3m).

Revenue by sales channel

	52 weeks ended 29 May 2022 Constant currency £m	52 weeks ended 30 May 2021 Constant currency £m	**52 weeks ended 29 May 2022 Actual rates £m**	52 weeks ended 30 May 2021 Actual rates £m	**2022 % of core revenue**	2021 % of core revenue
Trade	**218.1**	194.8	**214.3**	194.8	**55%**	55%
Retail	**88.1**	70.7	**87.2**	70.7	**23%**	20%
Online	**85.3**	87.7	**85.3**	87.7	**22%**	25%
Core revenue	**391.5**	353.2	**386.8**	353.2		
Licensing revenue	**27.1**	16.3	**28.0**	16.3		
Revenue	**418.6**	369.5	**414.8**	369.5		

Trade

Trade achieved significant growth of 10% with growth in all key countries. In the period, our net number of trade outlets increased by c.800 accounts to 6,200 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.

Retail

Store openings and closures during the year:

	Number of stores at 30 May 2021	Opened	Closed	**Number of stores at 29 May 2022**	**Number of single staff stores at 29 May 2022**	Number of single staff stores at 30 May 2021
UK	138	3	6	**135**	**93**	96
North America	161	5	1	**165**	**145**	142
Continental Europe	153	-	2	**151**	**111**	113
Australia	49	1	1	**49**	**37**	37
Asia	22	1	5	**18**	**14**	18
	523	10	15	**518**	**400**	406

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, we opened, including relocations, 10 stores. After closing 15 stores, our total number of stores at the end of the period is 518. As most of our stores across the globe were open for the majority of the year, retail performed well except for Australia which had Covid related closures across the region in 2021/22. The performance of each store will be kept under review and any stores that do not meet our financial model will be closed.

We opened our second café store in California in June 2021 and are planning a further 15 new stores in North America in the new year too alongside five in France. Our new store openings will continue to follow our low cost single staff model where appropriate, alongside opening a café store in Tokyo in the next year. We will continue to review the format of our stores pragmatically. Ensuring we always recruit great store managers and offer our customers an exceptional in-store experience, remains a priority for us.

Online

Online sales declined slightly by 3% 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). We are part way through the first phase of upgrading our online store which will go live in 2022/23.

Core gross margin

Core gross margin percentage declined in the year by 5.6% points (2022: 67.1%; 2021: 72.7%). It was negatively impacted by; an increase in inventory provisions of £10.6 million as we failed to get the right stock in the right place at the right time, £9.2 million additional freight and carriage costs including £3.4 million of costs into Europe; and £2.5 million additional staff costs.

Operating expenses

Core operating expenses have increased by £7.5 million in the year (2022: 33.0% of core revenue; 2021: 34.0%): £4.6 million additional spend on our operations, support and marketing teams (including staff costs of £1.7 million and IT related operational costs of £1.7 million). Online costs have increased by £1.9 million relating to investment in the new webstore and £1.2 million increase in support and hosting costs. Other variable selling costs have increased by £1.6 million. Retail and events costs have increased by £2.0 million as stores reopened and we restarted events following Covid closures. This is partially offset against the prior period by savings of £3.3 million as we rewarded all our staff with a £3,500 profit share payment each (2022: £9.9 million; 2021: £13.2 million). Bonuses to the senior management team were £0.6 million (2021: £1.1 million).

Licensing operating expenses have increased by £1.3 million in the year as we moved some costs from the core creative team into the licensing team.

Operating profit

Core operating profit decreased by £5.0 million to £131.7 million (2021: £136.7 million). On a constant currency basis, core business operating profit increased by £0.2 million to £136.9 million. As a percentage of core sales, core business operating profit was 34.0% (2021: 38.7%).

Licensing operating profit grew by £10.4 million to £25.4 million (2021: £15.0 million). On a constant currency basis, licensing operating profit increased by £9.6 million to £24.6 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

During the year, the Group's core activities generated cash of £106.1 million after tax payments (2021: £118.5 million) which includes group profit share payments of £9.9 million (2021: £13.2 million), an increase in inventory of £12.2 million (2021: £6.2 million) and an increase in the VAT debtor of £5.9 million (2021: £5.4 million). Licensing cash receipts were £15.4 million (2021: £14.2 million). After purchases of tangible and intangible assets of £18.4 million (2021: £20.3 million) and product development costs of £13.9 million (2021: £9.7 million), dividends paid of £93.5 million (2021: £60.5 million), lease payments of £11.1 million (2021: £10.0 million), proceeds from the issue of ordinary share capital relating to the sharesave scheme of £1.8 million (2021: £1.4 million), there was cash at the period end of £71.4 million (2021: £85.2 million).

Dividends

We followed our principle of returning truly surplus cash to shareholders. Dividends of £77.1 million (2021: £76.9 million) were declared during the year. 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 declined from 185% to 118%. The prior period result was exceptional and ROCE has returned to a more typical historical level. If ROCE was calculated using the period end values, it would be 113% (2021: 156%).

Capital employed

Core average capital employed increased by £37.6 million to £111.3 million. This was driven by the average book value of tangible and intangible assets increasing by £14.5 million, average inventories increasing by £11.8 million and trade and other receivables increasing by £11.1 million. Average balances are calculated over the 12 month period.

Investments in assets

This is what we have been spending your money on:

	2022 **£m**	2021 £m
Shop fits for new and existing stores	**1.3**	0.6
Production equipment and tooling	**10.1**	7.5
Computer equipment and software	**2.9**	5.2
Site	**3.4**	7.3
Total capital additions	**17.7**	20.6

In 2021/22, we invested £4.1 million in tooling, milling and injection moulding and paint machines and a further £6.0 million on moulding tools. The investment in computer equipment and software includes £0.9 million on the new warehousing facility in Nottingham and work on the ERP system of £0.6 million. The investment in Site includes £2.7 million to expand our production, warehousing and office capacity in Nottingham.

Inventories

Inventories have increased by £10.9 million as a result of the logistical difficulties of getting the right stock in the right place and my poor forecasting. Inventory before inventory provisions increased to £44.8 million (2021: £32.2 million) and inventory provisions increased by 0.4% to 1.7% of core revenue (2022: £6.4 million; 2021: £4.6 million). We continue to offer a broad range of price points. The average increase in the price of product varies by product category and ranges from 2% to 10%.

Trade and other receivables

Trade and other receivables increased by £21.1 million, which includes a £13.3 million increase in royalty income receivable, £5.9 million increase in VAT receivable, £0.8 million increase in trade debt, £0.5 million increase in accrued digital income and £0.6 million in rent and rates prepayments.

Trade and other payables

Trade and other payables decreased by £2.8 million, including a £2.5 million decrease in trade payables and a decrease of £2.8 million in PAYE, rates and VAT liabilities. This was partially offset by a £2.7 million increase in deferred income.

Taxation

The effective tax rate for the period was 18.0% (2021: 19.2%). The rate is lower than in the prior period as a result of the increase in overseas profit in inventory provisions together with the impact of super deductions.

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 receivable for the year was £0.2 million (2021: £0.2 million).

Foreign exchange

Our big currency exposures are the euro and US dollar:

	euro		US dollar	
	2022	2021	**2022**	2021
Period end rate used for the balance sheet	**1.18**	1.16	**1.26**	1.42
Average rate used for earnings	**1.18**	1.13	**1.34**	1.34

The net impact in the year of exchange rate fluctuations on our operating profit was a gain of £1.8 million (2021: loss of £4.0 million).

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. The key strategic risks to the Group are regularly reviewed by the board. The principal strategic risks identified in 2021/22 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 keeping the structure of our global IT team under review to ensure the IT support needs of the business can be delivered.
- 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.
- Social responsibility - we don't intend to 'greenwash' or to be 'politically correct'. We believe we are already good corporate citizens and we have been making some good progress quietly in the background. We are looking for ways we can support global initiatives including climate change, diversity and equality and we are documenting a realistic plan to make some progress, forever.

We consider that Covid is not a specific risk that we can mitigate against but we are managing our response to it alongside our operational risks. We also do not consider that we have material solvency or liquidity risks.

Outlook
We are on the front foot, have a clear strategy for our core and licensing business, a culture built on long standing proven principles, a pretty good operational plan building on the progress we have made, a work ethic built on trust and a hobby that is fun and engaging. We look forward with a great deal of confidence. Our goal remains the same to deliver our strategy and share our love for Warhammer, globally.

It's been another astonishing year. I once again take great comfort that some things don't change - our staff and customers love Warhammer. I thank you all for helping make this another very successful year.

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

Kevin Rountree
CEO
25 July 2022

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
26 July 2022

Rachel Tongue
CFO

CONSOLIDATED INCOME STATEMENT

	Notes		52 weeks ended 29 May 2022 £m		Restated 52 weeks ended 30 May 2021 £m
Core revenue			**386.8**		353.2
Licensing revenue			**28.0**		16.3
Revenue	3		**414.8**		369.5
Cost of sales			**(127.4)**		(96.3)
Core gross profit		***259.4***		*256.9*	
Licensing gross profit		***28.0***		*16.3*	
Gross profit			**287.4**		273.2
Operating expenses	3		**(130.3)**		(121.5)
Core operating profit		***131.7***		*136.7*	
Licensing operating profit		***25.4***		*15.0*	
Operating profit			**157.1**		151.7
Finance income			**0.2**		0.2
Finance costs			**(0.8)**		(1.0)
Profit before taxation			**156.5**		150.9
Income tax expense	4		**(28.1)**		(28.9)
Profit attributable to owners of the parent			**128.4**		122.0

Comparative financial information for revenue and gross profit has been restated for the reclassification of licensing revenue, previously included as royalties receivable in other operating income.

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

	Notes	52 weeks ended 29 May 2022	52 weeks ended 30 May 2021
Basic earnings per ordinary share	5	**391.3p**	372.7p
Diluted earnings per ordinary share	5	**390.6p**	370.5p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	52 weeks ended 29 May 2022 £m	52 weeks ended 30 May 2021 £m
Profit attributable to owners of the parent		**128.4**	122.0
Other comprehensive income/(expense)			
Exchange gains/(losses) on translation of foreign operations		**0.8**	(3.1)
Other comprehensive income/(expense) for the period		**0.8**	(3.1)
Total comprehensive income attributable to owners of the parent		**129.2**	118.9

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

CONSOLIDATED BALANCE SHEET

	Notes	29 May 2022 £m	30 May 2021 £m
Non-current assets			
Goodwill		**1.4**	1.4
Other intangible assets	7	**25.6**	23.7
Property, plant and equipment	8	**55.0**	49.8
Right-of-use assets	9	**48.1**	46.0
Deferred tax assets		**17.8**	10.1
Trade and other receivables		**19.4**	6.3
		167.3	137.3
Current assets			
Inventories		**38.4**	27.5
Trade and other receivables		**39.6**	30.6
Current tax assets		**4.4**	1.1
Cash and cash equivalents	10	**71.4**	85.2
		153.8	144.4
Total assets		**321.1**	281.7
Current liabilities			
Lease liabilities		**(9.2)**	(8.6)
Trade and other payables		**(33.5)**	(35.4)
Current tax liabilities		**(1.1)**	(0.1)
Provisions for other liabilities and charges	11	**(0.8)**	(0.6)
		(44.6)	(44.7)
Net current assets		**(109.2)**	99.7
Non-current liabilities			
Lease liabilities		**(39.7)**	(38.4)
Other non-current liabilities		**(0.6)**	(0.6)
Provisions for other liabilities and charges		**(1.5)**	(1.7)
		(41.8)	(40.7)
Net assets		**234.7**	196.3
Capital and reserves			
Called up share capital		**1.6**	1.6
Share premium account		**16.3**	14.5
Other reserves		**2.9**	2.1
Retained earnings		**213.9**	178.1
Total equity		**234.7**	196.3

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 2020 and 1 June 2020	1.6	13.1	5.2	113.8	133.7
Profit for the 52 weeks to 30 May 2021	-	-	-	122.0	122.0
Exchange differences on translation of foreign operations	-	-	(3.1)	-	(3.1)
Total comprehensive income for the period	-	-	(3.1)	122.0	118.9
Transactions with owners:					
Share-based payments	-	-	-	1.2	1.2
Shares issued under employee sharesave scheme	-	1.4	-	-	1.4
Deferred tax credit relating to share options	-	-	-	0.1	0.1
Current tax credit relating to exercised share options	-	-	-	1.5	1.5
Dividends declared and paid to Company shareholders	-	-	-	(60.5)	(60.5)
Total transactions with owners	-	1.4	-	(57.7)	(56.3)
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 debit relating to share options	-	-	-	(1.4)	(1.4)
Current tax credit relating to exercised share options	-	-	-	0.7	0.7
Dividends paid to Company shareholders	-	-	-	(93.5)	(93.5)
Total transactions with owners	**-**	**1.8**	**-**	**(92.6)**	**(90.8)**
At 29 May 2022	**1.6**	**16.3**	**2.9**	**213.9**	**234.7**

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

CONSOLIDATED CASH FLOW STATEMENT

	Notes	**52 weeks ended 29 May 2022 £m**	52 weeks ended 30 May 2021 £m
Cash flows from operating activities			
Cash generated from operations	13	**159.2**	164.8
UK corporation tax paid		**(34.0)**	(28.8)
Overseas tax paid		**(3.7)**	(3.3)
Net cash generated from operating activities		**121.5**	132.7
Cash flows from investing activities			
Purchases of property, plant and equipment		**(17.0)**	(17.4)
Purchases of other intangible assets		**(1.4)**	(2.9)
Expenditure on product development		**(13.9)**	(9.7)
Interest received		**0.2**	0.2
Net cash (used in)/generated from investing activities		**(32.1)**	(29.8)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital		**1.8**	1.4
Repayment of principal under leases		**(11.1)**	(10.0)
Lease interest paid		**(0.8)**	(0.9)
Dividends paid to Company shareholders		**(93.5)**	(60.5)
Net cash used in financing activities		**(103.6)**	(70.0)
Net (decrease)/increase in cash and cash equivalents		**(14.2)**	32.9
Opening cash and cash equivalents		**85.2**	52.9
Effects of foreign exchange rates on cash and cash equivalents		**0.4**	(0.6)
Closing cash and cash equivalents		**71.4**	85.2

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 29 May 2022 or 30 May 2021 but is derived from those accounts. Statutory accounts for 2021 have been delivered to the registrar of companies, and those for 2022 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 21 September 2022.

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 2022 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. Change in accounting policy

The Group has applied amendments to IAS 1 and IAS 8 'Definition of Material' for the first time in the financial information commencing 31 May 2021. The application of these new standards and amendments did not have a material impact on the financial information in either the current or prior periods. 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. Segment information for the 52 weeks ended 30 May 2021 has been restated to better reflect the structure of the Group. Segments have been split into core and licensing as described below. Costs previously reported within 'Design to manufacture', 'Merchandising and logistics', and 'Operations and support' have been combined to create the 'Design, manufacture, logistics and operations' segment. Share-based payment charges, profit share scheme charges and discretionary payments to employees were previously included outside of segment operating expenses, these have now all been included in core operating expenses.

At 29 May 2022 Games Workshop has two segments, core and licensing, as described below:

- Core: the core segment includes all revenue and expenditure relating to the design, manufacture and sales of our fantasy miniatures and related products.
- Licensing: the licensing segment includes all revenue and expenditure relating to licences granted to external partners, including the development of digital content for animation and TV.

3. **Segment information continued**

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	
	2022	2021	**2022**	2021	**2022**	2021
	£m	£m	**£m**	£m	**£m**	£m
Trade	**214.3**	194.8	**-**	-	**214.3**	194.8
Retail	**87.2**	70.7	**-**	-	**87.2**	70.7
Online	**85.3**	87.7	**-**	-	**85.3**	87.7
Licensing	**-**	-	**28.0**	16.3	**28.0**	16.3
Revenue	**386.8**	353.2	**28.0**	16.3	**414.8**	369.5
Cost of sales	**(127.4)**	(96.3)	**-**	-	**(127.4)**	(96.3)
Gross Profit	**259.4**	256.9	**28.0**	16.3	**287.4**	273.2
Trade	**(10.7)**	(9.1)	**-**	-	**(10.7)**	(9.1)
Retail	**(52.4)**	(50.2)	**-**	-	**(52.4)**	(50.2)
Online	**(11.7)**	(7.8)	**-**	-	**(11.7)**	(7.8)
Design, manufacturing, logistics and operations	**(37.6)**	(35.2)	**-**	-	**(37.6)**	(35.2)
Licensing	**-**	-	**(2.6)**	(1.3)	**(2.6)**	(1.3)
Group	**(3.8)**	(3.5)	**-**	-	**(3.8)**	(3.5)
Share-based payment charge	**(1.6)**	(1.2)	**-**	-	**(1.6)**	(1.2)
Profit share scheme and discretionary payment charge	**(9.9)**	(13.2)	**-**	-	**(9.9)**	(13.2)
Operating expenses	**(127.7)**	(120.2)	**(2.6)**	(1.3)	**(130.3)**	(121.5)
Operating profit	**131.7**	136.7	**25.4**	15.0	**157.1**	151.7
Finance income	**0.2**	0.2	**-**	-	**0.2**	0.2
Finance costs	**(0.8)**	(1.0)	**-**	-	**(0.8)**	(1.0)
Profit before tax	**131.1**	135.9	**25.4**	15.0	**156.5**	150.9

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. For information, core external revenue is analysed further below:

	52 weeks ended 29 May 2022 £m	52 weeks ended 30 May 2021 £m
Trade		
UK and Continental Europe	**90.4**	82.3
North America	**96.5**	85.4
Australia and New Zealand	**11.4**	10.2
Asia	**8.5**	9.0
Rest of world	**5.9**	5.6
Black Library	**1.6**	2.3
Total Trade	**214.3**	194.8
Retail		
UK	**25.7**	13.3
Continental Europe	**18.5**	16.4
North America	**33.6**	28.2
Australia and New Zealand	**7.3**	10.3
Asia	**2.1**	2.5
Total Retail	**87.2**	70.7
Online		
UK	**19.0**	22.2
Continental Europe	**16.3**	18.0
North America	**31.4**	30.6
Australia and New Zealand	**4.4**	5.5
Asia	**0.4**	0.5
Rest of world	**1.4**	1.3
Digital	**12.4**	9.6
Total Online	**85.3**	87.7
Total external core revenue	**386.8**	353.2

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

	52 weeks ended 29 May 2022 £m	52 weeks ended 30 May 2021 £m
UK	**83.4**	80.5
Continental Europe	**95.6**	82.1
North America	**169.7**	145.5
Australia and New Zealand	**23.3**	26.1
Asia	**11.8**	12.1
Rest of world	**3.0**	6.9
External core revenue	**386.8**	353.2

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 29 May 2022 £m	52 weeks ended 30 May 2021 £m
Retail	**11.0**	10.8
Online	**2.8**	0.2
Design, manufacturing, logistics and operations	**22.2**	15.6
Total group charges for impairment, depreciation and amortisation	**36.0**	26.6

3. Segment information continued

Non-current asset analysis

Non-current assets (excluding deferred tax and non-current financial instruments) located within the UK were £120.6m (2021: £100.0m) and all other countries was £28.5m (2021: £27.2m). Tangible, intangible and right-of-use asset additions included within the UK were £34.5m (2021: £45.2m) and all other countries were £9.0m (2021: £8.1m).

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 29 May 2022	52 weeks ended 30 May 2021	**52 weeks ended 29 May 2022**	52 weeks ended 30 May 2021
	£m	£m	**£m**	£m
Core	**(10.6)**	(0.9)	**(0.5)**	(1.2)
Licensing	**-**	-	**(0.1)**	-
Total group charge	**(10.6)**	(0.9)	**(0.6)**	(1.2)

4. Taxation

	52 weeks ended 29 May 2022	52 weeks ended 30 May 2021
	£m	£m
Current UK taxation:		
UK corporation tax on profits for the period	**31.3**	28.1
Adjustments to tax charge in respect of prior periods	**(0.4)**	(0.6)
	30.9	27.5
Current overseas taxation:		
Overseas corporation tax on profits for the period	**4.3**	2.9
Adjustments to tax charge in respect of prior periods	**0.8**	(0.3)
Total current taxation	**36.0**	30.1
Deferred taxation:		
Origination and reversal of timing differences	**(7.3)**	(2.0)
Adjustments to tax charge in respect of prior periods	**(0.6)**	0.8
Tax expense recognised in the income statement	**28.1**	28.9
Current tax credit relating to sharesave scheme	**(0.7)**	(1.5)
Deferred tax debit/(credit) relating to sharesave scheme	**1.4**	(0.1)
Debit/(credit) taken directly to equity	**0.7**	(1.6)

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 29 May 2022	52 weeks ended 30 May 2021
	£m	£m
Profit before taxation	**156.5**	150.9
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	**29.7**	28.7
Effects of:		
Items not assessable for tax purposes	**(1.3)**	(0.3)
Different tax rates on overseas earnings	**(1.1)**	0.5
Tax rate changes	**1.0**	0.1
Adjustments to tax charge in respect of prior periods	**(0.2)**	(0.1)
Total tax charge for the period	**28.1**	28.9

On 3 March 2021, the Chancellor announced that the UK corporation tax rate will be increased from 19% to 25% from 1 April 2023. This change had been substantively enacted at the balance sheet date at 29 May 2022 and its impact has therefore been included in this condensed consolidated financial information.

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.

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 29 May 2022	52 weeks ended 30 May 2021
Profit attributable to owners of the parent (£m)	**128.4**	122.0
Weighted average number of ordinary shares in issue (thousands)	**32,813**	32,733
Basic earnings per share (pence per share)	**391.3**	372.7

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 29 May 2022	52 weeks ended 30 May 2021
Profit attributable to owners of the parent (£m)	**128.4**	122.0
Weighted average number of ordinary shares in issue (thousands)	**32,813**	32,733
Adjustment for share options (thousands)	**60**	194
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**32,873**	32,927
Diluted earnings per share (pence per share)	**390.6**	370.5

6. Dividends per share

Dividends of £16.4m (50 pence per share) were declared in the prior period 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 current period.

Dividends of £9.8m (30 pence per share), £16.3m (50 pence per share), £19.7m (60 pence per share) and £14.7m (45 pence per share) were declared and paid during the prior period.

7. Other intangible assets

	2022 £m	**2021 £m**
Net book value at the beginning of the period	**23.7**	17.6
Exchange differences	**0.1**	-
Additions	**15.3**	12.6
Disposals	**(0.3)**	(0.1)
Reclassifications	**(0.2)**	-
Amortisation charge	**(11.7)**	(6.0)
Impairment	**(1.3)**	(0.4)
Net book value at the end of the period	**25.6**	23.7

8. Property, plant and equipment

	2022 £m	2021 £m
Net book value at the beginning of the period	**49.8**	42.0
Exchange differences	**0.5**	(0.6)
Additions	**16.3**	17.7
Disposals	**(0.1)**	(0.1)
Reclassifications	**0.2**	-
Depreciation charge	**(11.7)**	(9.2)
Net book value at the end of the period	**55.0**	49.8

9. Right-of-use assets

	2022	2021
	£m	£m
Net book value at the beginning of the period	**46.0**	36.8
Exchange differences	**1.4**	(2.3)
Additions	**11.9**	23.0
Disposals	**-**	(0.5)
Depreciation charge	**(11.2)**	(11.0)
Net book value at the end of the period	**48.1**	46.0

10. Cash and cash equivalents

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

	2022	2021
	£m	£m
Cash at bank and in hand	**71.4**	85.2
Cash and cash equivalents	**71.4**	85.2

11. Provisions for other liabilities and charges

Analysis of total provisions:

	2022	2021
	£m	£m
Current	**0.8**	0.6
Non-current	**1.5**	1.7
Total provisions for other liabilities and charges	**2.3**	2.3

	Employee benefits	Property	Total
	£m	£m	£m
At 31 May 2021	2.3	-	2.3
Charged/(credited) to the income statement:			
- Additional provisions	0.1	0.1	0.2
- Unused amounts reversed	(0.5)	-	(0.5)
Additional provision charged to right-of-use assets	-	0.4	0.4
Utilised	(0.1)	-	(0.1)
At 29 May 2022	**1.8**	**0.5**	**2.3**

12. Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is £4.3m (2021: £3.5m). Inventory purchase commitments contracted for at the balance sheet date are £6.7m (2021: £4.5m). Lease commitments at the balance sheet date were £nil (2021: £0.2m).

13. Reconciliation of profit to net cash from operating activities

	2022	2021
	£m	£m
Profit before taxation	**156.5**	150.9
Finance income	**(0.2)**	(0.2)
Finance costs	**0.8**	1.0
Operating profit	**157.1**	151.7
Depreciation of property, plant and equipment	**11.7**	9.2
Depreciation of right-of-use assets	**11.4**	11.0
Net impairment charge of intangible assets	**1.3**	0.4
Loss on disposal of intangible assets	**0.3**	0.1
Amortisation of capitalised development costs	**10.1**	4.8
Amortisation of other intangibles	**1.6**	1.2
Share-based payments	**1.6**	1.2
Changes in working capital:		
- Increase in inventories	**(12.2)**	(6.2)
- Increase in trade and other receivables	**(21.5)**	(10.8)
- (Decrease)/increase in trade and other payables	**(2.2)**	3.1
- Decrease in provisions	**-**	(0.9)
Net cash from operating activities	**159.2**	164.8

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 information.
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 information.
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 information.
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 information.
Licensing revenue Income relating to royalties earned from third party licensees.	Revenue	Licensing revenue is reconciled to revenue in note 3 to the financial information.
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 information.
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 information.
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 information.
Revenue at constant currency Revenue for the current and prior period converted at a constant exchange rate.	Revenue	This is calculated by converting underlying revenue amounts at local currency value for both the current and prior period at the prior period average exchange rate.
Operating profit at constant currency Operating profit for the current and prior period converted at a constant exchange rate.	Operating profit	This is calculated by converting underlying operating profit amounts at local currency value for both the current and prior period at the prior period average exchange rate.
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.
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 calculated by dividing the core operating profit by the core average capital employed.
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 and adding back the dividends which have been paid in the period.
Cash generated from core activities Net cash generated from operating activities less the licensing cash received	Net cash generated from operating activities	This is calculated by taking the net cash generated from operating activities in the cash flow of £121.5 million (2021: £132.7 million) less the cash received in respect of licensing of £15.4 million (2021: £14.2 million).