

# **GAME Retail Limited**

## **Annual Report and Financial Statements**

**For the 52 weeks ended 23 April 2022**

**Registered Number: 07837246**

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**GAME Retail Limited**  
**Company Information**

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<b>Directors</b>	A A Adegoke A P O Dick N L Arran
<b>Registered number</b>	07837246
<b>Registered Office</b>	GAME Retail Limited Unity House Telford Road Basingstoke Hampshire RG21 6YJ
<b>Independent auditors</b>	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB

## GAME Retail Limited

### Strategic Report

For the 52 weeks ended 23 April 2022

The Directors present their Strategic Report of GAME Retail Limited ("GAME" or "the Company") for the 52-week period ended 23 April 2022.

The Company is part of the Frasers Group plc ("Frasers") group of companies which comprises Frasers Group plc and its direct and indirect subsidiaries (the "Group").

#### Strategic update and business review

##### **Business model, strategy and future developments**

The principal activity of the Company is as the leading specialist retailer of video gaming software, hardware, licenced merchandise, toys and related entertainment products in the UK, trading via 'bricks and mortar' stores, mobile and online channels.

The Company's core business activity remains that of a specialist retailer in the video games market. The video games industry continues to evolve driven by the constant evolution of customer and gaming behaviours. The Directors continue to review the range of products available to the customer in order to adapt to the rapidly changing markets.

The UK retail sector is now recovering with customer demand improving following the disruption caused by Covid-19 which resulted in the temporary closure of retail stores and gaming arenas in the prior year.

Throughout the year the Company has continued to relocate a number of standalone sites into the wider Frasers Group portfolio as concessions both as part of the wider Group elevation strategy opening alongside other Group brands in flagship stores, but also within the Group's existing properties. The intention is to continue with the relocation strategy as it allows the Company to optimise its retail space to launch new products, to create synergies with our partner brands across the Group, and to reduce fixed occupation costs whilst maintaining our position within each geographical market. The demand for next generation gaming consoles together with an expansion into the toys and games market and further collaboration across the Group will continue to provide opportunities for the Company's future growth.

##### **Key performance indicators (KPIs)**

The Directors consider the Company's KPIs are essential for understanding and measuring our performance and progress. Definitions of KPIs and Alternative Performance Measures are included in the Notes to the financial statements on page 22 onwards:

The sales performance of the Company is measured and reviewed based on GTV and the analysis by product category is as follows:

Gross Transaction Value	52 weeks ended 23 April 2022	52 weeks ended 24 April 2021	52 Week % Change
Hardware	155,237	142,453	9.0
Content	131,181	131,464	(0.2)
Accessories & Other	86,284	68,684	25.6
Preowned	25,894	22,027	17.6
<b>Total</b>	<b>398,596</b>	<b>364,628</b>	<b>9.3</b>

Overall GTV increased by 9.3% during the period and the Company has seen strong sales volumes and a full year of trading from the latest generation of Sony and Microsoft gaming consoles and related accessories that launched in the prior period. Overall volumes of the new hardware were limited due to supply chain constraints, however, both customer demand and market share remain strong.

In the prior period, the Company saw a significant impact of Covid-19 on store sales during the period due to temporary closures. This significant impact was slightly offset by the Company's position as an omnichannel retailer with strong online sales in the accessories category and demand for Nintendo Switch Hardware at the start of the period when the stores were temporarily closed.

Content GTV was 0.2% lower versus the prior 52-week period. Following the release of the next generation consoles there have been fewer first-party and franchise title releases. In addition, key titles such as FIFA and Call of Duty were significantly down versus the prior period as the business continues to see the impact of digital disintermediation within the gaming market which was accelerated by COVID lockdowns in the prior year.

The preowned category was also higher, 17.6% versus the prior 52-week period due to the re-opening of physical stores, as preowned sales volumes were most severely impacted in the prior period when the stores were temporarily closed as it is a product primarily purchased in stores.

## GAME Retail Limited

### Strategic Report *(continued)*

For the 52 weeks ended 23 April 2022

	52 weeks ended 23 April 2022	52 weeks ended 24 April 2021
<b>Financial &amp; non-financial KPIs</b>		
Gross Transaction Value (£'000)	398,596	364,628
Market share UK (%) <sup>1</sup>	17.8%	16.4%
Revenue (£'000)	342,717	299,915
Gross profit (£'000)	84,433	77,766
Gross profit rate (% of GTV)	21.2%	21.3%
Underlying costs as a % of revenue (%)	18.2%	24.4%
EBITDA (£'000)	24,460	19,323

<sup>1</sup> The Company's percentage market share in the UK mint console games markets, sourced externally from GfK Chart Track. This is used to track the Company's relative performance and measure the competitiveness of the customer offer.

Overall market share increased by 1.4% largely a consequence of previous period's stores temporary closures due to Covid-19; a higher mix of sales were made through physical store channels, where GAME has a greater share of the market, but also sharp growth in new products and increased range. While the Company maximised its position securing great products and promotions for our customers, the share of online decreased by 1.9%, however, the market share of retail stores increased by 5.3% as customers returned to store following the temporary store closures in the prior period.

As at the 23 April 2022 the Company operates 259 stores (2021: 244 stores) through a combination of standalone retail stores, gaming arenas and concession locations within new elevation sites and the existing estate of other Frasers Group facias.

Gross profit is not directly comparable to the different periods, but the underlying pattern is consistent with GTV such that lower sales from temporary store closures was partially mitigated by increased online channel volumes and the release of next generation consoles, but not to the extent that lower sales from the closures were fully offset by these factors. Gross profit rate decreased due to the higher mix of hardware sales from the next generation consoles which carry a lower margin rate than software and other categories.

EBITDA is the Company's key measure of profitability and performance, and the Company delivered an EBITDA profit of £24,460,000 (2021: £19,323,000) for the period. The strong demand for the next generation consoles increased hardware sales although the reduced gross profit rate reflects less of the GTV flowing through to EBITDA.

#### **Cash flow and net cash**

The Company has a positive cash inflow from operations of £20,044,000 (2021: £7,513,000 outflow). The increase in cash generation was reflected in the EBITDA during the period. As of 23 April 2022 the Company has maintained a positive cash and cash equivalents position of £7,025,000 (2021: £6,116,000).

Borrowings in the statement of financial position are finance lease liabilities.

#### **Principal risks**

Accountability for risk management lies with the Directors of the Company, including determining the nature and extent of risks that the business is willing to accept in pursuit of its strategic objectives. The Directors have assessed the principal risks, ensuring that mitigating actions are put in place where possible. The process to agree the principal risks includes assessments undertaken by management and considers external factors such as consumer behaviour, the dynamics and performance of the retail and gaming markets, and the current state and future outlook of the economy.

Detail relating to Treasury and Financial risk, Credit risk, and Liquidity risk are included in Note 15 of the financial statements.

## GAME Retail Limited

### Strategic Report *(continued)*

For the 52 weeks ended 23 April 2022

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#### **Core retail strategy**

The business must develop and deliver strategies to increase profitability in its core retail market in the UK or maintain levels of profitability but grow market share. Failure to anticipate technological developments and consumer behaviour could materially impact the ability to deliver the strategy.

The risk of losing market share in the UK due to the competition from large, well-established businesses who also provide a sales channel through digital sales direct to the gamer is an increasing risk to the business and the Covid-19 pandemic accelerated the shift towards the online channel as it was the only means of fulfilment for a period of time.

To mitigate these risks there is a focus on:

- Improving commercial terms and securing exclusive deals with suppliers and a conscious investment in segments where profitability is higher, and the risks are acceptable;
- Optimisation and rationalisation of the store portfolio as part of the Frasers Group estate has contributed to addressing property costs and negotiating improved terms with landlords whilst maintaining absolute flexibility for the business when required;
- Promoting the Company's reward schemes including the subscription-based loyalty scheme, Elite, and harnessing our customer insight programme to offer tailored propositions to our customers.

#### **Market dynamics and gaming trends**

We continue to operate in a competitive market with significant challenges such as the trend towards games with a longer play time, free-to-play games that drive direct revenue through in-game purchases, elongated console cycles, cloud-based gaming and a decline in the preowned market. The success of free-to-play games and new titles is increasingly difficult to predict.

We are also subject to somewhat unpredictable spikes in trading over Black Friday and the Christmas periods that can have a material impact on the business due to the demands on our supply chain, logistics and fulfilment operations.

To mitigate these risks there is a focus on:

- Market research completed to understand consumer needs and current trends, whilst remaining agile enough to be able to react accordingly and continual monitoring of the business performance and competitor activity;
- Timely engagement of suppliers on new releases and stock forecasts and a high focus on business modelling in order to best predict peak trading requirements;
- Senior management involvement with key publishers and active monitoring of industry announcements to fully understand new game and hardware launch dates and manage any delays.

#### **Core systems and investment**

If the business fails to maintain or invest in critical business systems this could impact our ability to deliver the strategies. This could cause significant business disruption during peak trading periods or during the live play at any of the gaming arenas. Several legacy systems remain in use and the longer these continue to be used the increased likelihood that they will no longer be supported or be compatible with new software.

To mitigate these risks there is a focus on:

- Work has commenced with the Frasers Group to migrate all legacy systems onto the Group platform and mitigate risk in a timely manner;
- Business interruption insurance in place and reviewed during the period and business continuity planning in place to ensure the business has robust options should any core system fail.

#### **Global macroeconomic conditions, events or political factors**

We have continued to implement effective response procedures, with Board oversight and prioritisation. Our Board reporting on debt, covenants, funding and cash flow positions includes stress testing and extensive business risk scenario analysis, including Brexit, Covid-19, mandated store closures and related costs. The Group's response has been based on a number of key principles, in particular;

Coronavirus:

- Our mandated safe working and operating standards prioritise colleague and customer wellbeing.
- We deployed new safety requirements quickly, with external validation and ongoing evaluation, review and monitoring.
- Investments in our online capability and customer service delivery support our accelerated growth in e-commerce.
- Effective supplier and supply chain management optimises working capital and leverages and strengthens our commercial relationships.
- Effective management of cash flows and committed facilities supports our liquidity, long-term viability and trading partner support.
- We conduct ongoing scenario analysis, with timely reporting to management.
- We leverage opportunities for investment, through strong management oversight.

Monitoring of economic and political change:

- We ensure ongoing financial and commercial evaluation of economic and political change, with senior management oversight and Board reporting.
- The executive-led Compliance & Risk Group holds emerging risks discussions, with oversight reporting to the Frasers Group Audit Committee.

## GAME Retail Limited

### Strategic Report *(continued)*

For the 52 weeks ended 23 April 2022

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#### Corporate Governance Statement

GAME Retail Limited is an indirect subsidiary of Frasers Group plc and whilst the Company itself does not comply with the requirements of the UK Corporate Governance Code it relies upon the governance arrangements put in place by the Frasers Group plc Board. For example, the Company does not have any appointed non-executive director.

Disclosures in relation to DTR 7.2.6 (share capital) and DTR 7.2.8 (diversity) are set out in the Nomination Committee Statement in the Directors' Report of the Frasers Group plc annual report.

The below assessment is therefore an assessment of the Group's activities for the period in respect of compliance with the UK Corporate Governance Code and not that of GAME Retail Limited. The Frasers Group plc Board considers it complied with the majority of the principles and provisions of the 2018 UK Corporate Governance Code for the period ended 23 April 2022. All references to Board in the remainder of the Strategic Report relate to the Frasers Group plc Board rather than the Board of GAME Retail Limited.

The following paragraph sets out the provisions which have not been fully complied with during the period.

#### ***Corporate governance provision requirements, non-compliances and resolutions***

One area in which the Board was not fully compliant was Code Provision 36 which requires that remuneration schemes should promote long-term shareholdings by Executive Directors that support alignment with long-term shareholder interests and that share awards granted for this purpose should be released for sale on a phased basis and be subject to a total vesting and holding period of five years or more. The Executive Share Scheme approved by 86.6% of shareholders' voting at the 2021 AGM has a total five-year vesting period as suggested by the Code but could permit 50% of share awards to vest after four years if our stretching share price targets (a minimum £12 or £15 as relevant maintained for 30 dealing days) are attained within 4 years of the commencement of the plan.

#### ***Stakeholder Engagement***

Like most companies, the Company has to balance the needs of multiple stakeholders. Stakeholder engagement is integral to the growth and sustainability of the Company. We aim to ensure that we capture the views of as many stakeholders as possible. Whilst we try to accept criticisms when necessary, we are mindful that this may not always be possible. We recognise that the most important objective in our approach to stakeholder engagement is to balance stakeholder views against other competing factors and accept that it may not always be possible to achieve a satisfactory outcome for all stakeholders. During the year, the Board has made decisions based on the Board papers, presentations from senior executives and discussions with and reports from external consultants.

#### ***The Board***

Board changes during the year were minimal, with one director resignation due to a conflict of interest. Despite this, the Board remains stable and well resourced. We are reviewing the Board's size, composition and skillset on a regular basis to ensure that it continues to be fit for purpose and address areas where we can make the most effective changes.

#### ***Business Model***

The Group's business model remains consistent in providing customers with the world's best brands. This requires us to have the right product, in the right place, at the right time and at the right price. Our vision is to become the elevated, multi-channel platform for our Sports and Premium Lifestyle fascia's. To this end, we are elevating our Group brands and our centralised support functions.

#### ***Division of Responsibilities***

Detail of the division of responsibilities of the Board can be found in the Group accounts of Frasers Group plc.

#### ***Board Performance.***

On an annual basis the Non-executive Directors, led by Richard Bottomley, review the performance of the Chair, taking into account the views of the Executive Directors. The outcome of the review is relayed to the Chair, with constructive comments to improve future performance. During the period, the Chair reviewed the performance of all Non-executive Directors, to ensure their performance remains effective and that they are committed to and capable of performing the role. The Chair has discussed with each Non-executive Director how they can improve their knowledge, behaviour and skills, in order to be better equipped for the role. The performance of the Executive Directors was also reviewed by the Chair and the Non-executive Directors and performance objectives set.

A number of informal meetings also took place throughout the year between various Non-executive Directors and the Chair without the Executive Directors present. The performance of the Board and its committees was also reviewed.

## GAME Retail Limited

### Strategic Report *(continued)*

For the 52 weeks ended 23 April 2022

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#### Employees

##### **Employee engagement statement**

The Company's policy is to treat all our people with dignity and respect. The Frasers Group Limited staff work together across all areas of the business and we are proud that Frasers Group plc is one of the first public companies in the UK to make an elected Workers' Representative a Board member. We welcome all new colleagues into the Company following the acquisitions in the year and post period end and those who joined us through the Frasers Group Elevation Programme as well as all other new recruits.

##### **Remuneration and rewards**

Our policy is to foster a reward-based culture that enables our colleagues to share in the success of the Group. It is company policy to pay above the statutory National Minimum Wage, including rates that are above the statutory National Living Wage for those over 23 years of age in the UK. In addition to this, in the current period the Group paid awards and incentives of approximately £15.0m, from which both permanent and casual colleagues benefitted.

Our Fearless 1000 share scheme will result in 1,000 of our Fearless colleagues, who live and breathe our values - thinking without limits and take the team with you, don't hesitate and act with purpose and own it and back yourself - being eligible to receive share bonuses ranging from £50k right up to £1m, if the share price is at £10 at the vesting dates.

##### **Workers' representative**

The Frasers Group Workers' Representative is Cally Price, a Manager at our Cardiff Bay store. The Workers' Representative has a unique insight in to the Group and will speak on behalf of the Group's workforce at all scheduled meetings of the Board, in order to facilitate a healthy and constructive dialogue.

##### **Staff engagement**

In addition to the Workers Representative, the Company has an ongoing dialogue with colleagues via an initiative called 'Your Company, Your Voice.' This is a system whereby colleagues are able to raise any issues of their choosing via a number of different routes, both physical and digital. This feedback is passed to senior management and the Workers' Representative for review and appropriate action.

##### **Casual workers**

We strive to ensure our arrangements for casual staff are fair and equitable. All casual workers are paid the same rates as permanent employees in the same role. We promote stability in working hours, while our casual workers also benefit from the flexibility to decline shifts at any time. This flexibility also benefits the Group, enabling us to adjust staffing levels to cope with peak times and quieter periods.

Casual workers are also included in our commission schemes and in the Fearless 1000 bonus scheme.

##### **Wellbeing service**

Colleague wellbeing continues to be a focus for us, as the understanding and importance of health and wellbeing and its impact on our colleagues grows. We maintain and have further embedded our relationship with the Retail Trust this year. Our partnership gives all Group colleagues access to free and confidential wellbeing support, including advice, financial assistance, face-to-face and telephone counselling, cognitive behavioural therapy, non-repayable grants, career development support, legal guidance and on-site critical incident support. The helpline is available 24 hours a day, seven days a week. We also offer an enhanced counselling referral service to colleagues who require a greater level of support.

In FY22 we have developed and launched a mental health and wellbeing series through our digital learning platform for colleagues and managers, to access support people who are dealing with issues related to their mental health.

##### **Training and development**

Continuing our objective of populating the organisation with high-calibre, well trained people to be the future leaders of the Group, this year we have started an investment of over £1m in the development of our people. We have introduced a new Head of Learning & Development to shape and develop a comprehensive offering of operational, technical and soft skills development. Our new Group L&D team provides a shared service across the business, with a key focus on management and leadership development, retail capability, commercial training and the learning experience of our colleagues. We have also invested in new 'Head of' roles in each of these areas and, true to our core principles around promoting from within, all of these roles have been filled by internal talent.

We have already launched a new Leadership Academy, which houses a trio of options for our people leaders across the Group. These include premium digital on-demand content from our strategic partners Sporting Edge, our own in-house development programme, Managing Without Limits, as well as access to professionally accredited qualifications from the Chartered Management Institute (CMI) in partnership with Corndel and Imperial College's Business School.

We have also kicked off our most significant cohort of internal apprenticeships yet, with 154 people from our early career talent pool enrolled on our new Retail Team Leader programme, investing almost £700k from our apprenticeship levy funds.

Within Retail, we have revised our new store on-boarding programme for Management colleagues and developed a new programme for our CAST teams to ensure that they receive a world class start to their careers with the Group.

## **GAME Retail Limited**

### **Strategic Report** *(continued)*

For the 52 weeks ended 23 April 2022

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#### **Shareholders**

Frasers Group plc is a publicly traded company and is a parent company of GAME Retail Limited. Frasers Group plc represents the smallest group into which the Company's results for the period are consolidated.

The AGM provides shareholders with an avenue to have direct access to the Board and senior leadership. The Group resumed physical AGMs in FY21 but also offered shareholders the ability to submit questions prior to the meeting.

Comments from our shareholders are passed to the Board and relevant committees for consideration and analysis. The Executive Directors are also available for questions at all our result presentations and shareholders' opinions are closely monitored through analyst and broker correspondence. Our larger shareholders have regular engagement with senior executives and a number have visited our Shirebrook site during the financial year. Shareholders also have access to other key representatives of the Group, by using the investor relations contact on the Group's website.

#### **Customers**

The Group continues in its efforts to provide an elevated customer experience. Our efforts aim to act upon and improve customer feedback. Customers now have the ability to reach out to us through numerous channels and we have started the roll out of self-service options in selected fascia's. There have also been improvements to the online help centre to encourage first-time resolutions for the customers who make contact and we have adopted a flexible-working approach to address customer demand during peak times.

The Group has invested in an Operational Excellence programme which is focussed on supporting, developing and empowering the Customer Service teams to provide them with the right tools to meet the highest standards of customer service and satisfaction. We have also invested in increasing our Customer Service capacity by establishing an inhouse contact centre in one of the overseas territories in which we operate. The Group has also made significant investments in our digital capabilities and approach to customer service management which we are confident will yield improved results for FY23.

The acquisition of Studio Retail Group, which had a very strong consumer credit team, has also ensured that we can accelerate our proposition of offering our customers more flexible payment options, by utilising this expertise for the rest of the Group.

#### **Suppliers**

We aim to engage with suppliers who have compatible values to those of the Group and who provide value for money and high-quality goods and services. The Group prides itself on fostering long-term relationships with our key brand partners to ensure ongoing continuity of supplies to our customers. This includes, where appropriate, making strategic investments in brand partners such as Mulberry and Hugo Boss.

Our own-brand products continue to be produced and supplied by our two gateway suppliers with whom we have a longstanding relationship.

We are currently undertaking a review of our procurement process and policies, to assess our suppliers to ensure that we can meet our ESG commitments and achieve our TCFD targets. Further information can be found in our ESG report in the Group accounts of Frasers Group plc on pages 36-53.

#### **Regulators**

The Group makes every endeavour to comply with its legal and regulatory obligations. We regularly liaise with HMRC, the FRC and the FCA in an open and transparent manner. The Finance team and the Board have established regular communications with tax authorities internationally. Our internal tax team has a dedicated contact at HMRC and we have dedicated contacts at other Government bodies, such as Trading Standards.

#### **Lenders**

Alongside attending all Board meetings, the Group CFO is always available to inform the Board of any updates in relation to financial lenders. With the assistance of the Group Finance team, the Group CFO ensures that the Group complies with the terms and conditions in its credit facility agreements. The Group CFO regularly liaises with the Chair of the Remuneration Committee and the Chair of the Group's Audit Committee, to discuss the Group's financial performance. Updates on the Group's financial performance are provided at every Board meeting.



## GAME Retail Limited

### Strategic Report *(continued)*

For the 52 weeks ended 23 April 2022

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#### Community and Charity

We are committed to engaging with the local and wider communities around our stores and our offices in London and Shirebrook, and we aim to minimise any detrimental impact on them.

The Group's Sports Directory subsidiary has been a specialist supplier of sports equipment to the education sector for nearly 30 years, and part of the Group since 2016. Sports Directory plays a key role in giving back to schools in the UK and helping to keep our young people fit and healthy. Through its 'My School' scheme, schools purchase sports equipment from Sports Directory and the business gives them the opportunity to claim a voucher for every purchase. To date, Sports Directory has issued over 65,000 vouchers to UK schools, which equates to more than £4.5 million worth of free sports equipment.

Sports Directory has also, via the Professional Footballers' Association, donated free equipment to 72 football league clubs, helping to support local communities.

For more information on Sports Directory visit: [www.sportsdirectoryuk.co.uk](http://www.sportsdirectoryuk.co.uk)

The Group has also run campaigns to encourage children to become active in sport. This included the Monster Kickabout campaign launched by Eric Cantona. Over 3,000 schools participated in this campaign and the Group donated £500,000 of football kits to the schools. Four schools were also given the experience of a lifetime at St George's Park, where they received the opportunity to train with FA coaches.

#### Environment

ESG is an increasingly important area to the Group. We recognise the importance of sustainability to our stakeholders and to the future success of the business and take seriously the part we must play to change the paradigm of the retail and manufacturing industries.

We welcome the progress made at COP26 and are actively working with our partners to identify opportunities to work together to tackle climate change, particularly in relation to carbon emissions from transport and waste.

The Group supports the introduction of the Taskforce for Climate-related Financial Disclosures (TCFD). Significant analysis and scenario modelling went into producing the Group's disclosure. The findings have given us a robust foundation to mitigate climate related risks and inform opportunities going forwards. The Group's full TCFD disclosure can in Frasers Group plc annual report on pages 36 to 53.

The role of the sustainability team continues to evolve as we further embed sustainability throughout the Group, linking sustainability to Group strategy and vice versa. TCFD has further helped to formalise this approach and the Group's sustainability manager is an integral member of the newly formed Climate Risk Group.

There has been a particular focus on materiality and data gathering over the past year, to better inform the direction of the Group's ESG journey. Notably, there has been improved data collected on energy use and savings, product material composition and single-use plastic.

We expect continued improvement in the quality of data we collect and in the way we use and share that data, to better inform agile decision making as the information and the opportunities that presents become clearer.

Campaigns through the year included the Save the Bumblebees campaign, which aimed to engage and educate customers on biodiversity, giving out free seeds and information booklets and temporarily rebranding our popular Sports Direct bag for life and mug with the #savethebumblebees logo.

For further information, see Frasers Group plc annual report on pages 42 to 44.

#### Section 172 Statement

The Board confirms that, during FY22 it has acted in the way it considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole having regard to the shareholders and matters set out in s172(1)(a)-(f) of the Companies Act 2006.

This statement sets out the matters considered under each subsection of s172(1)(a)-(f) and provides cross references to where further information can be found in the Annual Report.

## GAME Retail Limited

### Strategic Report *(continued)*

For the 52 weeks ended 23 April 2022

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#### Decision making areas and principal decisions/steps in the period

##### **A . The likely consequences of any decision in the long term**

When making key strategic decisions, the Board takes into consideration the strategy, purpose, values and culture of the Group. The Board is focused on the sustainability of the Group and mindful of the impact the decisions may have on this objective. For each matter, it also considers the likely consequences of any decision in the long term, identifying stakeholders who may be affected and carefully considering their interests and any potential impact part of the decision-making process may have. During the year, the Board has made decisions based on Board papers, presentations from senior executives, information documents, discussions with external advisors and reports.

##### ***Principal decisions/steps:***

Key appointments to positions of senior leadership within the Group which included:

Preparation for the transition of Michael Murray who was appointed as CEO on 1 May 2022 as part of the Board's long-term succession planning. The Board felt Michael had proved himself to be a valuable asset to the business, as an external consultant in relation to property matters and the elevation of the physical store estate. More recently, in his role of Head of Elevation, he has built up a strong rapport with a number of key brands.

The approval of the appointment of Dave Al-Mudallal and Sean Nevitt as Chief Operating Officer and Chief Commercial Officer respectively, so that more focus can be placed on areas of the business that will add value and contribute to the ongoing Elevation strategy.

The decision to continue the share buyback programme was also key during the financial year to demonstrate that the Board continues to maintain confidence in the performance of the Group.

The Board continued to be acquisitive throughout the year. The acquisition of Studio Retail Limited was of strategic importance to the Group due to its credit offering which is an area that the Group is keen to explore for its other fascias. SRL's expertise in this regard will provide valuable insight for the Group.

##### **B. The interests of the Company's employees**

Details of the initiatives and engagement with our colleagues is detailed on pages 4 and 5 and in the Workers' Representative Report, Our People Report and the Directors' Report within the Frasers Group plc annual report

##### ***Principal decisions/steps:***

The Non-Executive Workforce Director remains the primary method that we use to ensure that colleagues are listened to and responded to by somebody who fully understands their situation. Cally Price remains the Workers' Representative on the Board and retains full control of the colleague welfare portal.

The Group has also implemented a new e-learning and development programme which includes a new learning platform for colleagues which not only covers regulatory learning, including data protection, but also personal development and wellbeing courses that can be used outside the business.

It has also been decided that a Leadership Academy that provides professional accreditation and fosters home grown talent from within the organisation should be offered. This allows us to invest in our people and retain our talent, which helps with the long-term planning and sustainability of the Group.

##### **C. The need to foster the Company's business relationships with suppliers, customers and others**

The Group aims to develop and maintain mutually beneficial business relationships with all of the Group's suppliers and government agencies and other stakeholders. Details of the Company's business relationships with suppliers, customers, regulators and lenders are summarised on page 7.

##### ***Principal decisions/steps:***

- The Group launched its new loyalty programme.
- We have increased the available customer service contact channels for our customers to provide greater choice.
- We are focusing on increasing the number of satisfaction surveys to assist with the Group's strategy of improving overall customer satisfaction.
- Reworked operating hours, to be aligned to customer demands and activity.

**D. The impact of the Company's operations on the community and the environment**

Details of the Company's initiatives undertaken in respect of sustainability and the community are included on page 8 and in the Frasers Group plc annual report on pages 37 and 38.

**Principal decisions/steps:**

- We have developed and published our ESG policy.
- The Group has signed up to the textiles 2030 initiative to address sustainability issues within the supply chain.
- We have developed extensive metrics and targets around TCFD reporting (see page 51 on the Group accounts).
- The Group has responded to the SBTi's urgent call for corporate climate action, by committing to align with 1.5°C and net-zero through the Business Ambition for 1.5°C campaign.

As part of our sustainability plans, the Group has launched a pilot – the ReLived Scheme, which is aimed at recycling used clothing so it can be redistributed to the people in the communities that need it the most. We are also supporting the Bumblebee Conservation Trust and have launched a campaign to save the bumblebees.

**E. The desirability of the Company maintaining a reputation for high standards of business conduct**

At all times we endeavour to adhere to strict Corporate Governance standards. The Board continues to comply with the Corporate Governance Code as well as industry best practice.

**Principal decisions/steps:**

Following recommendations from external consultants, the Board approved the review and elevation of the Group's internal policies and procedures to bring them into line with industry standards and best practice. These new policies and procedures implement greater levels of transparency within the business.

**F. The need to act fairly between members of the Company**

All shareholders of the Group hold ordinary shares which attach the same rights and benefits. We ensure that all shareholders have the opportunity to express their concerns to the Board throughout the year, with the existence of our investor relations contact on the Group's website, and endeavour to respond when appropriate. The AGM allows an opportunity for shareholders to ask questions and to discuss issues in more depth.

**Principal decisions/steps:**

The Group recognises that the interests of institutional investors and other shareholders may not always align with that of our majority shareholder. As a result, certain resolutions at the AGM are required to pass on a majority of independent shareholders vote.

The Group invites and analyses feedback from investors in relation to their votes on resolutions put forward at the AGM as well as internal policies. This feedback is routinely presented to the Board for consideration during its decision making and long-term planning.

The Strategic Report has been approved by the Board on 21/02/2023 and is signed on its behalf by:

*Nick Arran*

N L Arran  
Director

## **GAME Retail Limited**

### **Directors' Report**

For the 52 weeks ended 23 April 2022

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#### **Introduction**

The Directors present their report and audited financial statements of GAME Retail Limited for the 52 weeks ended 23 April 2022.

The Company did not make any charitable or political donations during the period. The Company's business activities, together with factors which potentially affect its future development, performance or position, and details of its financial position and cash flows are on pages 1 to 10.

#### **Results and dividends**

The results for the period are set out in the statement of comprehensive income on page 17.

On 23 December 2021 an interim dividend of £15,000,000 was paid by GAME Retail Limited to the sole shareholder of the Company, GAME Digital Holdings Limited.

#### **Link to Strategic Report**

The following which would normally be present in the Directors' Report has instead been considered in the Strategic Report due to its significance and relevance to the underlying strategy of the Company:

- future developments;
- corporate governance statement;
- employee engagement statement;
- statements regarding the fostering of relationships with suppliers, customers and others.

The following are referred from the Strategic Report to Note 15 of the financial statements:

- exposure to price, credit, liquidity and cashflow risk;
- policies for hedging;
- financial risk management policies and objectives;

#### **Directors**

The Directors of the Company who served through the period and subsequently, except as noted, were as follows:

A A Adegoke  
A P O Dick  
N L Arran

Frasers Group plc has granted the Directors of the Company with Qualifying Third Party Indemnity provisions within the meaning given to the term by Sections 234 and 235 of the Companies Act 2006. This is in respect of liabilities to which they may become liable in their capacity as director of the Company and of any company within the Group. Such indemnities were in force throughout the financial year and will remain in force.

#### **Articles of association**

Any amendments to the articles of association of the Company may be made by special resolution of the shareholders.

#### **Going concern**

The Company is part of the wider Frasers Group and is considered a key subsidiary within the Group. It has access to financial resources via a Group banking facility. On 30 November 2021 Frasers Group refinanced its existing borrowings and entered into a combined term loan and revolving credit facility of £930.0m for a period of 3 years, with the possibility to extend this by a further 2 years. The board of Frasers Group plc, have undertaken to support the Company for a period of at least 12 months from the date of approval of these financial statements.

The Directors believe that the Company is well placed to manage its business risks successfully despite the continued uncertain economic outlook.

The Directors of both the Company and Frasers Group plc have assessed the level of trading and has forecast and projected a conservative base case and also a number of even more conservative scenarios. These forecasts and projections show that the Company and Frasers Group plc will be able to operate within the level of the current facility and its covenant requirements (being interest cover and net debt to EBITDA ratios). Management of both the Company and Frasers Group Plc also have a number of mitigating actions which could be taken if required such as putting on hold discretionary spend, liquidate certain assets on the balance sheet and pay down the Revolving Credit Facility.

Having thoroughly reviewed the Company's performance and having made suitable enquiries, the Directors are confident that the Company has adequate resources to remain in operational existence for the foreseeable future which is at least 12 months from the date of these financial statements. Trading would need to fall significantly below levels observed during the pandemic to require mitigating actions or a relaxation of covenants. On this basis, the Directors continue to adopt the going concern basis for the preparation of the Annual Report and Financial Statements which is a period of at least twelve months from the date of approval of these financial statements.

## **GAME Retail Limited**

### **Directors' Report** *(continued)*

For the 52 weeks ended 23 April 2022

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#### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Company continues and that the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employee involvement**

The Frasers Group currently has approx. 30,000 colleagues in its stores, offices and warehouses.

The workforce (including that of the Company) is notified of announcements and major changes in the business via company emails, SLACK, social media and our intranet, as well as information being communicated through line managers. The Company has elected a Workers' Representative, Cally Price, who attends all Board meetings and provides feedback from employees to the Board. The Group also has the 'Your Company, Your Voice' scheme which enables colleagues to raise issues of concern via suggestion boxes. The contributions are read by senior management and the Workers' Representative, who provides the Board with an overview and replies to colleagues as appropriate. A selection of questions received, and answers given by management, are displayed in communal areas for colleagues.

The Frasers Group has invested heavily in a new e-learning platform that provides colleagues with access to courses and opportunities to keep up to date with the latest developments of the Frasers Group as well as personal development opportunities. Our new Leadership Academy also invests in colleagues who wish to grow within the business and provides them with the opportunity to shape the policies and future direction of the business.

Our retail conferences offer attendees an opportunity to celebrate their successes, receive updates on how the Frasers Group's strategy is progressing, and for them to judge how the Frasers Group is performing via the 'Confident or Concerned' questionnaire.

Our monthly nominations for 'Frasers Champion' provides colleagues with the opportunity to individually recognise and reward the hard work of their fellow colleagues. Winners of the monthly champion awards win an additional month's salary as well as 10 points under the Fearless 1000 bonus scheme. A total of 98 colleagues were 'Frasers Champions' in the year.

There are various colleague incentives available to our retail colleagues. These incentives include our 5 Star Commission Scheme, Turnover Bonus, PBT Bonus, Stocktake Bonus and other commission schemes. These schemes vary between fascias.

Further information on relationships with our people and the principal decisions taken by the Frasers Group during the period having regard to colleague involvement can be found in the Frasers Group accounts on page 33.

#### **Diversity and Equal Opportunities**

The Frasers Group's recruitment policy is to match the capabilities and talents of each applicant to the appropriate job. Factors such as gender, race, religion or belief, sexual orientation, age, disability or ethnic origin are ignored, and decisions are made with regard to candidates irrespective of these factors. Discrimination in any form is not tolerated within the Frasers Group.

Applications for employment by persons with any disability are given full and fair consideration for all vacancies and are assessed in accordance with their particular skills and abilities.

The Frasers Group endeavours to meet its responsibilities towards the training and employment of disabled people, and to ensure that training, career development and promotion opportunities are available to all.

The Frasers Group makes every effort to provide continuity of employment when our people become disabled. Attempts are made in every circumstance to provide employment, whether this involves adapting the current job role and remaining in the same job, or moving to a more appropriate role. Job retraining and job adaptation are just two examples of how the Frasers Group works in the interests of its workforce to promote equal opportunities, in order that an individual's employment within the Frasers Group may continue. The Frasers Group values the knowledge and expertise that our people have gained throughout their time with us, and therefore does not wish to lose valued colleagues.

Further information on our approach to diversity can be found in the Frasers Group accounts on page 34.

#### **Auditor**

In accordance with the Company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the Company will be put at a General Meeting.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

## GAME Retail Limited

### Directors' Report *(continued)*

For the 52 weeks ended 23 April 2022

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#### Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors' Report has been approved by the Board of Directors on 21/02/2023 .....

Signed on behalf of the Board

*Nick Arran*

N L Arran  
Director

## **GAME Retail Limited**

### **Independent auditor's report to the members of GAME Retail Limited**

For the period ended 23 April 2022

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#### **Opinion**

We have audited the financial statements of GAME Retail Limited (the 'company') for the year ended 23 April 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 23 April 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

**The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are UK-adopted IAS and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included:

- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with the provisions of relevant laws and regulations described as having a direct effect on the financial statements
- enquiring of management and group in-house legal counsel concerning actual and potential litigation and claims.



## **GAME Retail Limited**

### **Independent auditor's report to the members of GAME Retail Limited** *(continued)*

For the period ended 23 April 2022

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The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to competition and anti-bribery laws, data protection, employment, environmental and health and safety regulations. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations.

The audit engagement team identified the risk of management override of controls, cut off risk for revenue recognition specifically relating to gift card and loyalty point provisions, inventory provisions and dilapidation provisions as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates applied in the calculation of the related provisions. Procedures were also undertaken on judgments impacting revenue around the period end to ensure revenue was recognised in the appropriate period.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Neil Mellor (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Davidson House,

Forbury Square,

Reading,

Berkshire,

RG1 3EU

22 February 2023

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**GAME Retail Limited****Statement of comprehensive income**

For the 52 weeks ended 23 April 2022 from continuing operations

		<b>52 weeks ended 23 April 2022 £'000</b>	<b>52 weeks ended 24 April 2021 £'000</b>
	<b>Note</b>		
Revenue	1	342,717	299,915
Cost of sales		(258,284)	(222,149)
<b>Gross profit</b>		<b>84,433</b>	<b>77,766</b>
Exceptional income	2	70	-
Other operating income	2	1,273	19,956
Other operating expenses	3	(62,271)	(72,829)
<b>Operating profit</b>	4	<b>23,505</b>	<b>24,893</b>
Finance income		586	922
Finance costs		(756)	(833)
<b>Profit before taxation</b>		<b>23,335</b>	<b>24,982</b>
Taxation	8	-	-
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>		<b>23,335</b>	<b>24,982</b>

The accounting policies and notes on pages 22 to 40 form an integral part of these financial statements.

**GAME Retail Limited****Statement of financial position**

As at 23 April 2022

	Note	23 April 2022 £'000	24 April 2021 £'000
<b>Non-current assets</b>			
Property, plant and equipment	9	5,543	6,545
Intangible assets	10	-	22
Trade and other receivables	12	33,948	8,106
		<b>39,491</b>	<b>14,673</b>
<b>Current assets</b>			
Inventories	11	47,743	38,983
Trade and other receivables	12	14,027	16,254
Cash and cash equivalents		7,025	6,116
		<b>68,795</b>	<b>61,353</b>
<b>Total assets</b>		<b>108,286</b>	<b>76,026</b>
<b>Current liabilities</b>			
Trade and other payables	13	(53,994)	(35,195)
Provisions	17	(4,076)	(5,118)
Borrowings	14	(1,865)	(4,440)
Leasehold property incentives	16	(191)	(272)
		<b>(60,126)</b>	<b>(45,025)</b>
<b>Net current assets</b>		<b>8,669</b>	<b>16,328</b>
<b>Non-current liabilities</b>			
Trade and other payables	13	(17,006)	(6,666)
Provisions	17	(632)	(809)
Borrowings	14	(5,101)	(6,440)
Leasehold property incentives	16	-	-
		<b>(22,739)</b>	<b>(13,915)</b>
<b>Total liabilities</b>		<b>(82,865)</b>	<b>(58,940)</b>
<b>Net assets</b>		<b>25,421</b>	<b>17,086</b>
<b>Equity attributable to equity holders of the Company</b>			
Share capital	18	-	-
Capital reserve	18	13,279	28,279
Other reserve		2,192	2,192
Retained earnings		9,950	(13,385)
<b>Total equity</b>		<b>25,421</b>	<b>17,086</b>

**GAME Retail Limited**

**Statement of financial position** *(continued)*

As at 23 April 2022

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The accounting policies and notes on pages 22 to 40 form an integral part of these financial statements.

The financial statements of GAME Retail Limited, company number 07837246, were approved by the Board of Directors and authorised for issue on <sup>21/02/2023</sup>.....

Signed on behalf of the Board

*Nick Arran*

N L Arran

Director

**GAME Retail Limited**

**Statement of changes in equity**

For the 52 weeks ended 23 April 2022

	Note	Share capital £'000	Share premium £'000	Capital reserve £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
<b>At 25 April 2020</b>		<b>1,414</b>	<b>26,865</b>	<b>-</b>	<b>2,192</b>	<b>1,633</b>	<b>32,104</b>
Profit for the period		-	-	-	-	24,982	24,982
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,982</b>	<b>24,982</b>
Capital reduction	18	(1,414)	(26,865)	28,279	-	-	-
Dividends paid		-	-	-	-	(40,000)	(40,000)
<b>At 24 April 2021</b>		<b>-</b>	<b>-</b>	<b>28,279</b>	<b>2,192</b>	<b>(13,385)</b>	<b>17,086</b>
Profit for the period		-	-	-	-	23,335	23,335
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,335</b>	<b>23,335</b>
Dividends paid		-	-	(15,000)	-	-	(15,000)
<b>At 23 April 2022</b>		<b>-</b>	<b>-</b>	<b>13,279</b>	<b>2,192</b>	<b>9,950</b>	<b>25,421</b>

The accounting policies and notes on pages 22 to 40 form an integral part of these financial statements.

*Capital reserve*

The capital reserve represents the value of the capital reduction detailed in Note 18 of £28,279,285 which was credited to the capital reserve on 16 December 2020. Capital reserves are converted to distributable reserves as a statement of solvency was obtained.

*Other reserve*

The other reserve represents the cumulative value of share-based-payment transactions with owners recorded directly in equity.

**GAME Retail Limited**
**Statement of cash flows**

For the 52 weeks ended 23 April 2022

	Note	52 weeks ended 23 April 2022 £'000	52 weeks ended 24 April 2021 £'000
<b>Cash flow from operating activities</b>			
Profit before tax		23,335	24,982
Depreciation	9	1,004	2,194
Amortisation	10	22	53
Impairment	9, 10, 12	-	2,653
Loss on disposal of non-current assets		-	38
Finance income	5	(586)	(922)
Finance costs	6	756	833
Decrease / (increase) in trade and other receivables		(23,566)	5,045
(Increase) / decrease in inventories		(8,760)	(13,617)
Decrease in provisions	17	(1,219)	(685)
(Decrease) / increase in trade and other payables		29,139	(27,720)
Decrease in leasehold incentives	16	(81)	(367)
<b>Cash (used) / generated by operations</b>		<b>20,044</b>	<b>(7,513)</b>
Finance costs paid		(18)	-
Corporation tax received		-	-
<b>Net cash from operating activities</b>		<b>20,026</b>	<b>(7,513)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	-	(454)
Finance income		-	-
<b>Net cash used by investing activities</b>		<b>-</b>	<b>(454)</b>
<b>Cash flows from financing activities</b>			
Payment of dividend to parent company	18	(15,000)	(25,000)
Repayment of lease liabilities	14	(4,117)	(3,170)
<b>Net cash used in financing activities</b>		<b>(19,117)</b>	<b>(28,170)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>909</b>	<b>(36,137)</b>
Cash and cash equivalents at beginning of period		6,116	42,253
<b>Cash and cash equivalents at end of period</b>		<b>7,025</b>	<b>6,116</b>

The accounting policies and notes on pages 22 to 40 form an integral part of these financial statements.

## **GAME Retail Limited**

### **Notes to the financial statements**

For the 52 weeks ended 23 April 2022

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#### **General information**

GAME Retail Limited ("the Company") is a private company limited by shares incorporated in England. The registered office in England is Unity House, Telford Road, Basingstoke, Hampshire, RG21 6YJ.

#### **Basis of preparation**

The Company's accounting reference date is 30 April. The Company draws up its financial statements for the accounting period ending on the Saturday directly before or following the accounting reference date, as permitted by section 390 (3) of the Companies Act 2006.

The financial statements for the accounting period ending 23 April 2022 are for a 52-week period.

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applicable to companies reporting under IFRS and those IFRSs and IFRIC interpretations issued and effective as at the time of preparing these financial statements.

The principal accounting policies adopted are set out below and have been applied consistently through the period and the preceding period.

#### **Significant accounting policies**

##### *Going concern*

The Directors have reviewed the going concern principle in light of the guidance provided by the FRC. The Company's business activities, and the factors likely to affect its future development, are set out in the Strategic Report on pages 1 to 10, and include a review of the business performance, the Company's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to credit and liquidity risks.

The Directors have prepared profit and loss and cash flow projections for the Company which they consider are based on reasonable assumptions for the future development of the Company. The assumptions used by the Directors have considered the principal risks disclosed within the Strategic Report on pages 3 to 5. On 30 November 2021 Frasers Group refinanced its existing borrowings and entered into a combined term loan and revolving credit facility of £930.0m for a period of 3 years, with the possibility to extend this by a further 2 years. The board of Frasers Group plc, have undertaken to support the Company for a period of at least 12 months from the date of approval of these financial statements.

The Directors believe that the Company is well placed to manage its business risks successfully despite the continued uncertain economic outlook.

Management of both the Company and Frasers Group plc have assessed the level of trading to date since the impact of Covid-19 and has forecast and projected a conservative base case and also a number of even more conservative scenarios taking into account assumptions impacting gross profit margins, consumer shift from physical stores to web, impact of direct to consumer, foreign exchange exposure and increases to direct costs. These forecasts and projections show that Frasers Group plc and the Company will be able to operate within the level of the current facility and its covenant requirements (being interest cover and net debt to EBITDA ratios). Management of both the Company and Frasers Group plc also have a number of mitigating actions which could be taken if required such as putting on hold discretionary spend, realising certain assets and paying down the banking facility.

Having reviewed the Company's performance and having made suitable enquiries, the Directors are confident that the Company, with support from the Group, has adequate resources to remain in operational existence for at least 12 months from the date of approval of these financial statements. Trading would need to fall significantly below levels observed during the pandemic to require mitigating actions and on this basis, the Directors continue to adopt the going concern basis for the preparation of the Annual Report and Financial Statements which is a period of at least 12 months from the date of approval of these statements.

##### *Revenue*

Revenue from the sale of games and gaming-related products, which consists of physical and digital content, hardware and accessories, all offered as new and preowned products, comprises the value of sales (excluding VAT and similar taxes and trade discounts) of goods provided in the normal course of business. Revenue is recognised at the point of sale, for high street retailing, to the extent that it is probable that the economic benefits will flow to the Company. Online revenue is recognised when the goods are received by the customer. Revenue for goods, such as third-party gift cards and digital content, sold on a commission basis is recognised net of associated purchase costs. A provision is made within revenue and cost of sales for estimated customer returns.

##### *Government grants*

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Grants that are receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in the Income Statement at their fair value in the period in which they become receivable.

The Company has received Government support in the period relating to business rates relief and local government grants. The Company also received in Other Operating Income under the Coronavirus Job Retention Scheme (CJRS) of £9,000 (2021: £8,983,000) as a result of the Covid-19 pandemic.

## GAME Retail Limited

### Notes to the financial statements (continued)

For the 52 weeks ended 23 April 2022

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#### *Supplier funding*

Supplier rebates and other similar promotional funding (including marketing contributions from suppliers where there are no directly attributable marketing costs incurred by the Company) are recognised as a credit to cost of sales over the period to which they relate and, where appropriate, based on actual or estimated volumes.

Suppliers also provide marketing and advertising support to the Company which is recognised when specific, incremental and identifiable actual costs are incurred, and is classified as a reduction to other operating expenses.

#### *Loyalty schemes*

The Company operates loyalty programmes which allow members to accumulate points on purchases and receive exclusive offers and other benefits. The fair value of the points awarded to customers is determined relative to the total transaction price and accounted for as a separately identifiable component of a sales transaction. Revenue is deferred to match the estimated value of earned loyalty points. Deferred revenue is adjusted for the value of points that are not expected to be redeemed by customers based on historical redemption rates. When the points are redeemed and the Company fulfils its obligations pursuant to the programmes, the revenue that was deferred is recognised. Points awarded expire following a period of 12 months of inactivity.

#### *Gift cards and vouchers*

Revenue from gift cards sold by the Company is recognised on redemption of the gift card and monies received represent deferred revenue prior to the redemption. The estimated breakage is recognised in line with the spend on the gift card, which has had the effect of deferring this revenue over a longer period.

#### *Exceptional items*

The Company presents those items which, because of their size, nature or expected infrequency of events giving rise to them, merit separate presentation to allow the users of the financial statements to understand better the Company's financial performance in the period. Examples of items that may give rise to disclosure as exceptional items include:

- Impairments of intangible assets or property, plant and equipment as well as the reversal of such write downs or impairments;
- Restructuring provisions or their reversal including redundancy costs, lease surrender costs or similar contract cancellation costs;
- Corporate-related costs including refinancing costs and significant costs relating to acquisitions and disposals;
- Disposals of items of property, plant and equipment and intangible assets; and
- Legal costs, litigation settlements and other similar settlements.

Where these exceptional items are material in size and nature to the performance of the Company in the period, these items are excluded from the Alternative Performance Measures used by the Company.

#### *Adjusting items*

When items of income or expense do not meet the definition of exceptional items but, in management's view, are not reflective of underlying trading, these items are excluded from the Alternative Performance Measures used by the Company. Such adjusting items include amortisation of acquired intangibles assets and post-acquisition remuneration charges.

#### *Deposits*

The Company takes deposits in advance of new releases of software titles, hardware consoles and other products. Monies received are recorded in deferred revenue until the date of release and despatch to the customer at which point the revenue is recognised. Deposits are non-refundable in cash and the ability to exchange unredeemed deposits typically expires 12 months after the launch date of the product. Unredeemed deposits relating to products that have been launched are recognised within revenue using calculations based on historical redemption and expiry rates.

#### *Foreign currencies*

The functional and presentational currency of the Company is Pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

Foreign currency transactions are translated at the exchange rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date.

#### *Finance income and costs*

Finance income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Finance costs are recognised as they accrue, using the effective interest method, which takes into account transaction and other costs associated with borrowings.

#### *Dividend distribution*

Dividends proposed by the Board but unpaid at the period end are not recognised in the financial statements until they have been approved by shareholders. Interim dividends are recognised when paid



## GAME Retail Limited

### Notes to the financial statements (continued)

For the 52 weeks ended 23 April 2022

#### *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided to write off the cost less estimated residual values of all property, plant and equipment, on a straight-line basis, over their expected useful lives:

Improvements to leasehold property	– over the lesser of the remaining period of the lease or 5 years for longer leases
Fixtures, fittings and equipment	– 3 to 5 years
Computer hardware	– 3 to 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets under construction are recorded as property, plant and equipment and are transferred to the appropriate asset category when completed, and depreciated from that date.

#### *Business combinations*

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are recognised in the statement of comprehensive income as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the fair value of the identifiable net assets acquired.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the re-measurement period or additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date. The measurement period is the period from the date of acquisition to the date the Company obtains complete information and is subject to a maximum of one year.

#### *Intangible assets – Goodwill*

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed annually for impairment. For the purpose of impairment testing, goodwill is allocated to the relevant cash-generating units of the Company. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. If the recoverable amount of the cash-generating unit is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to other assets of the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

#### *Impairment of non-financial assets*

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate a potential impairment.

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. For the purposes of assessing impairment, assets are assessed at the lowest levels for which there are largely independent cash flows (cash-generating units). An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised as an expense immediately. Prior impairments of assets (other than goodwill) are reviewed for possible reversal at each reporting date.

#### *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is calculated to include, where applicable, duties, handling, transport and other directly attributable costs.

Net realisable value is based on estimated normal selling prices less further costs expected to be incurred in selling and distribution, with a provision being made against lines identified as slow-moving, old or at risk of obsolescence. Where relevant future expected supplier contributions are considered when assessing net realisable values. A further shrinkage provision is made to provide for expected stock loss.

**Taxation**

The tax expense for the period comprises current and deferred tax. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and has taxable income.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Pension contributions**  
The Company makes payments to a number of defined contribution pension schemes. The assets of these schemes do not form part of the assets of the Company. The pension cost charge represents contributions payable during the period.

**Derivatives**  
Derivatives are initially recognised at fair value on the date that a contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. Changes in the fair value are recognised immediately in the statement of comprehensive income.

**Trade receivables**  
Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost, less an allowance for expected credit losses. Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

**Cash and cash equivalents**  
Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**Trade payables**  
Trade and other payables are recognised on the trade date of the related transactions. Trade payables are not interest-bearing and are stated at their nominal value.

**Provisions**  
Provisions are recognised when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate of the expenditure required to settle the obligation at the statement of financial position date and are discounted to present value where the impact is material. The unwinding of any discount is recognised in finance costs.

Liabilities provisions are recognised based on Management's best estimate of costs to make good the Company's property leases at the end of the lease term.

Onerous lease provisions are recognised for retail store lease agreements where the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received under it.

## GAME Retail Limited

### Notes to the financial statements *(continued)*

For the 52 weeks ended 23 April 2022

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#### *Leased assets*

The Company assesses whether a contract is or contains a lease, at inception of the contract. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments such as revenue linked property leases are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain that the option will be exercised;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

The lease liability is presented within borrowings in the statement of financial position. Subsequent to initial measurement lease liabilities increase as a result of interest charged at the effective rate on the balance outstanding and are reduced for lease payments made.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives (payments made by a lessor to a lessee associated with a lease, or the reimbursement or assumption by a lessor of costs of a lessee) received or impairment, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset, providing it meets the Company's property, plant and equipment capitalisation policy.

Right of use assets are tested for impairment at each reporting date in line with IAS 36 Impairment. The right-of-use assets are presented within property, plant and equipment in the statement of financial position.

Subsequent to initial measurement right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at a revised discount rate. The carrying value of lease liabilities is revised using the original discount rate when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Assets held under existing finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of comprehensive income.

#### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and judgements are based on historical experience and other factors that are considered to be relevant and are reviewed on an ongoing basis. Actual results may differ from these estimates.

**Critical judgements in applying the Company's accounting policies****Supplier funding arrangements**

The supplier funding arrangements that the Company has in place for rebates, marketing income and other supplier support require judgements to be made but are not complex to calculate.

A greater level of judgement is required to determine whether marketing income received has identifiable direct costs associated with it, and is therefore recognised as a reduction to other operating expenses. Marketing income in relation to promotional support where no direct costs are incurred is recognised as a deduction to cost of sales.

**IFRS 16 Leases**

A level of judgement is required over the reliefs provided by IFRS 16 for assets of low value and short-term leases of 12 months or less. The Company excludes leases from the scope of IFRS 16 which contain a rolling break clause of 12 months or less, are low value either because the annual rent is less than £10,000 per annum or the lease is a turnover rent only arrangement.

The Company has used the interest rate implicit in the lease based on commercial property yields. The calculation of the rate requires judgements to be made on reliable sources of information to be used for commercial yields of comparable properties within a geographically location. At the date of initial application this was calculated at 5% and applied to all leases.

**Key sources of estimation uncertainty****Loyalty provision and gift card provision**

Management calculates the net cost of loyalty rewards issued and estimates the amount that will be redeemed. The resulting value is recorded as a deduction to revenue and recognised as deferred income in the statement of financial position. The key judgement used is the estimated redemption rate. Management uses historical redemption rates experienced under the loyalty programme and continually reviews the methodology and assumptions based on developments in redemption patterns. Changes in this redemption rate have the effect of increasing or decreasing the provision at the reporting date. If the redemption rate at the balance sheet date was 5% higher/lower with all other variables held constant, the post-tax profit would have been £238,000 lower/higher (2021: £215,000 lower/higher).

Provisions for future redemptions of gift cards and gift vouchers are estimated by management on the basis of historical transactions and redemption patterns. Changes in this redemption rate have the effect of increasing or decreasing the provision at the reporting date. The key judgement is the redemption rate which is calculated based on historic data. If the redemption rate at the balance sheet date was 5% higher/lower with all other variables held constant, the post-tax profit would have been £183,000 lower/higher (2021: £252,000 lower/higher).

**Inventory provisions**

As inventories are stated at the lower of cost and net realisable value, this requires the estimation of the eventual sales price of goods. A high degree of judgement is applied when estimating the impact on the carrying value of inventories to take into account factors such as slow-moving items, expected future supplier support, shrinkage and obsolescence. There is uncertainty in the assessment of the provisions because the calculations require management to make assumptions and to apply judgement regarding inventory ageing, forecast consumer demand, the promotional environment and technological obsolescence (Note 11).

The shrinkage provision involves uncertainty because the calculations require management to make assumptions and to apply judgement regarding a number of factors, including historical results and expectations of current inventory loss trends. The quantity, age and condition of inventories are reviewed and assessed through the inventory count process undertaken throughout the financial period and across the Company.

Whilst this provision is a qualitative assessment, a quantitative assessment of increasing the provision by 1.1 (2021: increasing 4.2) percentage points to be in line with the ratio of the provision to inventories balance in the prior year would have increased the provision and decreased the profit after tax by £607,000 (2021: decreased the loss before tax £1,893,000).

**Dilapidations provisions**

The value of a dilapidations provision requires management judgement when best estimating the cost to make good the Company's property leases at the end of the lease term. In calculating an estimate of the dilapidations provision management has considered past settlements to landlords, internal costs to remove and dismantle fixtures on the premises and any associated legal fees previously paid.

Where a dilapidation provision relates to the removal of assets that have been capitalised, they are recognised as an addition to the cost of the asset and depreciated over the remaining useful life of the asset. All other dilapidations provisions are recognised in profit or loss.

Changes in the estimated settlement paid out to the landlord have the effect of increasing or decreasing the provision. If the settlement was increased by 10% per square foot, this would increase the total provision by £290,000 or 6% (2021: £362,000 or 7%).

## GAME Retail Limited

### Notes to the financial statements *(continued)*

For the 52 weeks ended 23 April 2022

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#### **Alternative performance measures**

In the analysis of the Company's financial performance certain information disclosed in the financial statements may be prepared on a non-GAAP basis or have been derived from amounts calculated in accordance with IFRS but it is not itself an expressly permitted GAAP measure. These measures are reporting in line with how financial information is analysed by Management.

When reviewing performance, the Directors use a combination of both statutory and adjusted performance measures. The adjusted performance measures, which are not considered to be a substitute for or superior to IFRS measures, provide additional information to help assess the underlying performance of the business as they strip out exceptional non-recurring costs and aid comparability between periods.

These measures may not be comparable with non-GAAP measures adopted by other companies. The key non-GAAP measures presented by the Company are:

- Gross Transaction Value ('GTV') - which is defined as total retail receipts and all other revenue excluding VAT and before the deduction of revenue deferral relating to loyalty points and other accounting adjustments. GTV reflects the full retail sales value of digital sales, agency sales (including sales by business partners on GAME's Marketplace website), warranties and other similar arrangements and thereby includes the publishers' and sellers' shares of those transactions.

GTV is the key sales metric for monitoring the Company's performance and it provides the most reliable measure of activity in an environment where more sales are expected to move from physical to digital.

- Company gross profit rate - which is defined as gross profit expressed as a percentage of GTV. This provides a better measure of the gross profit rate with the growth in digital sales which are recorded on a net basis in revenue. This rate is an important metric for monitoring the performance of the Company and assessing the impact of sales category mix given the wide differential in product margins.

- EBITDA - which is defined as operating loss before depreciation and amortisation, exceptional and adjusting items. The Directors consider EBITDA to be the key measure of underlying profitability of the Company. Exceptional and adjusting items are defined in the Accounting Policies of the Company.

#### **Standards affecting the financial statements - adoption of new and revised standards**

There are no new and revised standards and interpretations that are relevant to the Company and have been adopted for the first time for the financial period that have had a significant impact on the amounts reported in the financial statements. The Company has not applied a new Standard or Interpretation that has been issued but is not yet effective.

**GAME Retail Limited****Notes to the financial statements** *(continued)*

For the 52 weeks ended 23 April 2022

**1. Revenue**

The Company's revenue from its major products and services were as follows:

	52 weeks ended 23 April 2022 £'000	52 weeks ended 24 April 2021 £'000
Hardware	155,450	141,858
Content	74,089	66,641
Accessories and other	87,400	69,481
Preowned	25,778	21,935
<b>Total</b>	<b>342,717</b>	<b>299,915</b>

**2. Other operating income**

	52 weeks ended 23 April 2022 £'000	52 weeks ended 24 April 2021 £'000
Grants received	1,273	11,873
Profit on sale of intellectual property	-	7,818
Reclassification gain on intellectual property sale	70	-
Sundry income	-	265
<b>Total</b>	<b>1,343</b>	<b>19,956</b>

On 22 July 2020 the Company sold certain intellectual property ("IP") relating to the BELONG part of the business for total consideration of \$10,000,000. The Company may receive a further \$7,500,000 over the following five years if certain criteria are met. There may also be additional revenue streams from advertising and sponsorships. As part of the sale, the Company has agreed to licence back some of the IP sold to continue to operate BELONG gaming arenas in certain territories, including the UK.

**3. Other operating expenses**

	52 weeks ended 23 April 2022 £'000	52 weeks ended 24 April 2021 £'000
Selling and distribution costs	50,133	55,488
Administrative expenses	12,138	17,341
<b>Total other operating expenses</b>	<b>62,271</b>	<b>72,829</b>

**GAME Retail Limited****Notes to the financial statements (continued)**

For the 52 weeks ended 23 April 2022

**4. Operating profit**

	52 weeks ended 23 April 2022 £'000	52 weeks ended 24 April 2021 £'000
<b>Operating profit is stated after charging/(crediting):</b>		
Depreciation of property, plant and equipment (Note 9)	1,002	2,194
Amortisation of intangible assets (Note 10)	22	53
Impairment of assets (Notes 9 and 10)	-	2,151
Impairment of amounts due from company undertakings (Note 12)	-	502
Loss on disposal of non-current assets	-	38
Staff costs (Note 7)	31,892	35,424
Government and retail support grants	-	(11,873)
Profit on sale of Belong intellectual property	-	(7,818)
Net foreign exchange losses	312	363
Operating lease rentals - leasehold premises	4,210	5,802
Auditor's remuneration - fees payable to the Company's auditor for the audit of the Company's financial statements recharged from a fellow Group subsidiary	128	144

**5. Finance income**

	52 weeks ended 23 April 2022 £'000	52 weeks ended 24 April 2021 £'000
On amounts owed by company undertakings	586	922
<b>Total</b>	<b>586</b>	<b>922</b>

**6. Finance costs**

	52 weeks ended 23 April 2022 £'000	52 weeks ended 24 April 2021 £'000
On bank and other borrowings	18	4
On lease liabilities	398	505
On amounts owed to company undertakings	340	324
<b>Total</b>	<b>756</b>	<b>833</b>

**7. Employees**

Staff costs for all employees consist of:

	52 weeks ended 23 April 2022 £'000	52 weeks ended 24 April 2021 £'000
Wages and salaries	29,333	32,679
Social security costs	2,015	2,090
Pension costs	544	655
<b>Total</b>	<b>31,892</b>	<b>35,424</b>

The pension cost charge represents contributions payable during the period. The amount of contributions outstanding at the period end was £102,583 (2021: £112,035).

**GAME Retail Limited****Notes to the financial statements** *(continued)*

For the 52 weeks ended 23 April 2022

The average number of employees of the Company during the period, including Directors, was as follows:

	52 weeks ended 23 April 2022	52 weeks ended 24 April 2021
Selling	1,766	1,797
Administration and distribution	285	352
<b>Total</b>	<b>2,051</b>	<b>2,149</b>

The key management of the Company are the Directors who are also Directors of fellow Group companies. Payments to Directors that are remunerated by the Company received £127,000 of remuneration and £14,000 of pension contributions (2021: £92,000 of remuneration and £4,000 of pension contributions).

**8. Taxation**

	52 weeks ended 23 April 2022 £'000	52 weeks ended 24 April 2021 £'000
<b>Current tax</b>		
UK corporation tax expense	-	-
Adjustments in respect of prior periods	-	-
<b>Total current tax</b>	<b>-</b>	<b>-</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	-	-
Adjustments in respect of prior periods	-	-
<b>Total deferred tax</b>	<b>-</b>	<b>-</b>
<b>Taxation charge</b>	<b>-</b>	<b>-</b>

The charge for the period can be reconciled to the loss in the statement of comprehensive income as follows:

	52 weeks ended 23 April 2022 £'000	52 weeks ended 24 April 2021 £'000
<b>Profit / (loss) on ordinary activities before taxation</b>	<b>23,335</b>	<b>24,982</b>
Tax on profit / (loss) on ordinary activities at the standard UK corporation tax rate of 19.0% (2020: 19.0%)	4,434	4,747
Effects of:		
Expenses not deductible for tax purposes	85	907
Utilisation of losses not previously recognised	(4,519)	(5,654)
Losses on which no deferred tax recognised	-	-
<b>Tax charge for the period</b>	<b>-</b>	<b>-</b>

Deferred tax assets are recognised for tax losses to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Company has not recognised deferred tax assets in the period (2021: £2,708,000) in respect of losses (2021: £14,252,000) that can be carried forward against future taxable income.



**GAME Retail Limited**

**Notes to the financial statements (continued)**

For the 52 weeks ended 23 April 2022

**9. Property, plant and equipment**

	Improvements to leasehold property £'000	Computer hardware £'000	Fixtures, fittings and equipment £'000	Right of use assets £'000	Assets under construction £'000	Total £'000
<b>Cost</b>						
At 25 April 2020	8,529	8,566	15,952	17,061	735	50,843
Additions	-	-	-	454	-	454
At 24 April 2021	8,529	8,566	15,952	17,515	735	51,297
Additions	-	-	-	-	-	-
At 23 April 2022	8,529	8,566	15,952	17,515	735	51,297
<b>Accumulated depreciation and impairment</b>						
At 25 April 2020	8,129	7,998	15,308	8,990	-	40,425
Charge for the period	133	282	347	1,432	-	2,194
Impairment	129	286	265	718	735	2,133
At 24 April 2021	8,391	8,566	15,920	11,140	735	44,752
Charge for the period	104	-	27	871	-	1,002
At 23 April 2022	8,495	8,566	15,947	12,011	735	45,754
<b>Net book amount</b>						
At 23 April 2022	34	-	5	5,504	-	5,543
At 24 April 2021	138	-	32	6,375	-	6,545

All depreciation charges have been expensed through other operating expenses. A total depreciation charge of £1,002,000 was recognised in the period, including right-of-use assets.

Due to adverse trading conditions and financial performance the value in use for some stores in the portfolio is considered to be negative as they're loss making. The recoverable amount of the assets dedicated to each lease has been calculated as the value in use of the lease over the period to the earliest break date. An impairment charge of £1,398,000 was recognised in the prior period, including right-of-use assets. A further impairment charge in the prior period of £735,000 was incurred against Assets under construction. In calculating the value in use an estimated discount rate of 2% was applied to future cashflows.

Computer hardware and fixtures, fittings and equipment include the following amounts where the Company is a lessee under a finance lease:

	23 April 2022 £'000	24 April 2021 £'000
Cost	5,659	5,659
Accumulated depreciation	(5,659)	(5,659)
Net book amount	-	-

# **GAME Retail Limited**

## **Notes to the financial statements (continued)**

For the 52 weeks ended 23 April 2022

### **10. Intangible assets**

	Goodwill £'000	Brand £'000	Computer software, developme nt and technology £'000	Assets under constructio n £'000	Total £'000
<b>Cost</b>					
<b>At 25 April 2020</b>	<b>18</b>	<b>54,913</b>	<b>32,794</b>	<b>3,551</b>	<b>91,276</b>
Additions	-	-	-	-	-
Disposals	-	-	(59)	-	(59)
<b>At 24 April 2021</b>	<b>18</b>	<b>54,913</b>	<b>32,735</b>	<b>3,551</b>	<b>91,217</b>
Additions	-	-	-	-	-
<b>At 23 April 2022</b>	<b>18</b>	<b>54,913</b>	<b>32,735</b>	<b>3,551</b>	<b>91,217</b>
<b>Accumulated amortisation and impairment</b>					
<b>At 25 April 2020</b>	<b>-</b>	<b>54,913</b>	<b>32,681</b>	<b>3,551</b>	<b>91,145</b>
Charge for the period	-	-	53	-	53
Impairment charge	18	-	-	-	18
Disposals	-	-	(21)	-	(21)
<b>At 24 April 2021</b>	<b>18</b>	<b>54,913</b>	<b>32,713</b>	<b>3,551</b>	<b>91,195</b>
Charge for the period	-	-	22	-	22
<b>At 23 April 2022</b>	<b>18</b>	<b>54,913</b>	<b>32,735</b>	<b>3,551</b>	<b>91,217</b>
<b>Net book amount</b>					
<b>At 23 April 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 24 April 2021</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>-</b>	<b>22</b>

All amortisation charges have been expensed through other operating expenses.

The disposal in the prior period relates to software assets that are no longer required following the sale of certain intellectual property ("IP") relating to the BELONG part of the business on 22 July 2020 (Note 2).

### **11. Inventories**

	23 April 2022 £'000	24 April 2021 £'000
Finished goods and goods held for resale	47,743	38,983

The Directors consider that the replacement value of inventories is not materially different from their carrying value. There are no individual items of inventory held at fair value less costs to sell. The stock provision as at 23 April 2022 of £6,169,261 (2021: £5,603,623) is an estimate of the difference between the cost of stock and its estimated net realisable value. There has been no material reversal of provisions made in the previous period and previous write-downs have been reversed where the inventory has been sold in the period.

The majority of mint inventory purchased is subject to retention of title when delivered and this is released (subject to certain 'all monies' conditions in some agreements) when the inventory is paid for.

The following inventory costs have been recognised in cost of sales:

	23 April 2022 £'000	24 April 2021 £'000
Cost of inventories recognised as an expense	258,284	222,149

# **GAME Retail Limited**

## **Notes to the financial statements** *(continued)*

For the 52 weeks ended 23 April 2022

### **12. Trade and other receivables**

	23 April 2022 £'000	24 April 2021 £'000
Trade receivables	5,639	2,711
Less: provision for impairment of trade receivables	(719)	(170)
	4,920	2,541
Other receivables	3,987	3,262
Amounts due from company undertakings	35,046	18,533
Less: provision for impairment of amounts due from company undertakings	-	(2,340)
Prepayments and accrued income	4,022	2,364
	47,975	24,360
Less non-current portion: other receivables	(636)	(636)
Less non-current portion: amounts due from company undertakings	(33,312)	(7,470)
Current portion	14,027	16,254

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. The expected loss rates are based on the Company's historical credit losses experience over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information which could affect the Company's customers. The creation and release of a provision for impaired trade receivables is included within other operating expenses in the statement of comprehensive income.

Within trade receivables are balances due from suppliers of £3,328,000 (2021: £1,978,000) which will be offset against future supplier balances and payments. There are no specific payment terms associated with these balances hence it is not possible to perform an ageing analysis. The lifetime expected loss provision for trade receivables is as follows:

	Offset £'000	Within due date £'000	More than three months past due £'000	Total £'000
<b>At 23 April 2022</b>				
Expected loss rate	22%	0%	0%	
Gross carrying amount	3,328	2,299	13	5,640
Loss provision	719	-	-	719
<b>At 24 April 2021</b>				
Expected loss rate	9%	0%	0%	
Gross carrying amount	1,978	733	-	2,711
Loss provision	170	-	-	170

At 23 April 2022 trade receivables of £nil (2021: £125,117) had lifetime expected credit losses of the full value of the receivables and were more the one year past due.

**GAME Retail Limited****Notes to the financial statements (continued)**

For the 52 weeks ended 23 April 2022

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

	23 April 2022 £'000	24 April 2021 £'000
At beginning of period	170	201
Provisions for receivables impairment	619	9
Receivables written off as uncollectible	(70)	(40)
At end of period	719	170

The other classes within trade and other receivables do not contain impaired assets. The average historical credit losses for other receivables, which primarily relate to the Company's property lease agreements are not considered to be material. The fair values of other receivables are the same as the book values due to the negligible credit risk associated with these assets and their short duration.

**13. Trade and other payables**

	23 April 2022 £'000	24 April 2021 £'000
Trade payables	18,808	4,182
Other payables	2,891	2,183
Tax and social security costs	632	568
VAT payables	1,401	5,887
Amount due to company undertakings	33,137	13,797
Accruals and deferred income	14,131	15,244
	71,000	41,861
Less non-current portion: amount due to company undertakings	(17,006)	(6,666)
Current portion	53,994	35,195

Trade payables include stock-related purchases and are non-interest bearing. Settlement terms vary from 7-21 days for consignment stock purchases, with other stock and services normally settled on either 14 days following the date of receipt or 30 days following the end of the month of receipt. All non-stock payables are included within other payables. Within amounts due to company undertakings, £17,006,000 (2021: £6,666,000) incurs interest at a rate of 5% and is repayable on or before 31 January 2024. All remaining amounts are unsecured, interest free and repayable on demand. The fair values of trade and other payables approximate the book values due to the short-term nature of these items.

Accruals and deferred income includes gift card liabilities of £1,981,000 (2021: £3,272,000) and liabilities in respect of the loyalty programme of £2,311,000 (2021: £2,474,000).

**GAME Retail Limited****Notes to the financial statements** *(continued)*

For the 52 weeks ended 23 April 2022

**14. Borrowings**

	23 April 2022 £'000	24 April 2021 £'000
<b>Current:</b>		
Lease liabilities	1,865	4,440

<b>Non-current:</b>		
Lease liabilities	5,101	6,440

	23 April 2022 £'000	24 April 2021 £'000
<b>Gross lease liabilities - minimum lease payments</b>		
No later than one year	2,104	4,957
Between one and three years	2,406	3,343
Greater than three years	3,711	4,845
	8,221	13,145
Future finance charges on lease liabilities	(1,255)	(2,265)
<b>Present value of lease liabilities</b>	6,966	10,880

The present value of lease liabilities is as follows:

	23 April 2022 £'000	24 April 2021 £'000
No later than one year	1,865	4,440
Between one and three years	2,018	2,707
Greater than three years	3,083	3,733
	6,966	10,880

## GAME Retail Limited

### Notes to the financial statements (continued)

For the 52 weeks ended 23 April 2022

#### 15. Financial instruments

##### Financial risk management

The main risks arising from the Company's activities are market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks, and risk management is controlled by the finance function.

##### Categories of financial instruments

	23 April 2022 £'000	24 April 2021 £'000
<b>Financial assets</b>		
<b>Assets held at amortised cost</b>		
Trade receivables and other receivables	43,953	24,336
Cash and cash equivalents	7,025	6,116
	<b>50,978</b>	<b>30,452</b>
<b>Assets at fair value through profit and loss</b>		
Derivative financial instruments	-	-
<b>Total financial assets</b>	<b>50,978</b>	<b>30,452</b>

	<b>Financial liabilities measured at amortised cost</b>	
	23 April 2022 £'000	24 April 2021 £'000
<b>Financial liabilities</b>		
Trade and other payables, accruals and amounts due to company undertakings	64,675	29,660
Borrowings (Note 14)	6,966	10,880
<b>Total financial liabilities</b>	<b>71,641</b>	<b>40,540</b>

Trade and other payables excludes the gift card liabilities and loyalty liabilities as detailed in Note 13.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

##### Market risk

##### Foreign exchange risk

The Company operates primarily in the UK and therefore does not carry any material exposure to foreign currency exchange movements in respect of its trading activities.

##### Cash flow interest rate risk

The Company's interest rate risk arises from borrowings which, if drawn, attract a floating rate of interest which exposes the Company to cash flow interest rate risk. There were no floating rate borrowings at the balance sheet date (2021: £nil).

On 13 August 2020 GAME Retail Limited and certain other subsidiaries of GAME Digital Limited (each as guarantors) entered into an asset-backed loan facility for an amount of £50,000,000 with SportsDirect.com Retail Limited, a fellow Frasers Group subsidiary, for a term of two years to support working capital requirements. If utilised the interest rate on drawn funds is 3% per annum.

On 30 November 2021 Frasers Group refinanced its existing borrowings and entered into a combined term loan and revolving credit facility of £930.0m for a period of 3 years, with the possibility to extend this by a further 2 years. The board of Frasers Group plc, have undertaken to support the Company for a period of at least 12 months from the date of approval of these financial statements. Frasers Group plc, as a controlling party, has also confirmed that it, and its subsidiary companies, do not intend to demand repayment of amounts due to group undertakings of £33,137k for at least 12 months from the date of approval of these financial statements.

## GAME Retail Limited

### Notes to the financial statements (continued)

For the 52 weeks ended 23 April 2022

#### Credit risk

Credit risk on trade and other receivables is minimised as the Company trades only with recognised, creditworthy third parties. As detailed in Note 13 a large proportion of trade receivables balances are matched with and offset against future stock payments with the same supplier. Credit risk for these suppliers is minimal as the Company frequently trades with the suppliers. Where balances are not offset judgement is applied as to the size of the receivable and where appropriate external credit worthiness checks are performed. At the end of the reporting period there were no concentrations of credit risk.

The maximum exposure to credit risk at the reporting date is represented by the carrying value of the financial assets in the statement of financial position.

The Company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

#### Liquidity risk

The Company's policy on liquidity is to ensure that there is sufficient cash, working capital and committed borrowing facilities to meet the Company's medium-term funding requirements. Liquidity risk is managed by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The currency exposure of the Company's floating rate net cash balances is shown below:

	23 April 2022 £'000	24 April 2021 £'000
Sterling	6,900	6,076
Euro	95	37
US Dollar	30	3
	7,025	6,116

#### Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company consists of cash and cash equivalents, borrowings and equity attributable to equity holders of the parent company, comprising issued capital, reserves and the retained earnings as disclosed in the statement of changes in equity.

	23 April 2022 £'000	24 April 2021 £'000
Cash and cash equivalents	7,025	6,116
Lease liabilities	(6,966)	(10,880)
Cash and cash equivalents, net of borrowings	(59)	(4,764)
Equity	25,241	16,768

The Company has an asset-backed loan facility for working capital purposes of up to £50,000,000 that can be drawn down on if cash flow forecasts show insufficient cash and cash equivalents to meet short-term requirements.

#### Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Quoted prices in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (Level 3)

There were no Level 1, Level 2 or Level 3 assets and liabilities at 23 April 2022 (2021: £nil).

## 16. Leasehold property incentives

Leasehold property incentives comprising rent-free periods and reverse premiums are amortised to the statement of comprehensive income on a straight-line basis, over the life of the lease.

	23 April 2022 £'000	24 April 2021 £'000
<b>At start of period</b>	<b>272</b>	<b>639</b>
Rent-free periods and reverse premiums received during the period	-	-
Credited to the statement of comprehensive income	(81)	(367)
<b>At end of period</b>	<b>191</b>	<b>272</b>
Due within one year	191	272
Due greater than one year	-	-
<b>At end of period</b>	<b>191</b>	<b>272</b>

## 17. Provisions

	Property Related £'000	Other £'000	Total £'000
<b>At 25 April 2020</b>	<b>5,982</b>	<b>630</b>	<b>6,612</b>
Amounts provided for in the period	1,295	-	1,295
Amounts utilised in the period	(1,350)	(630)	(1,980)
<b>At 24 April 2021</b>	<b>5,927</b>	<b>-</b>	<b>5,927</b>
Amounts provided for in the period	555	-	555
Amounts utilised in the period	(1,774)	-	(1,774)
<b>At 23 April 2022</b>	<b>4,708</b>	<b>-</b>	<b>4,708</b>
Due within one year	4,076	-	4,076
Due greater than one year	632	-	632
<b>Total at 23 April 2022</b>	<b>4,708</b>	<b>-</b>	<b>4,708</b>

Property related provisions comprise the following:

- Onerous Lease: For leases which the Company considers to be onerous a provision is recognised which represents the net cost of fulfilling the Company's obligations over the remaining lease term of leases which are not within the scope of IFRS 16, either because they are short term or low value. The provision balance at the balance sheet date is £235,000 (2021: £743,000).
- Dilapidations: The Company recognises its best estimate of the present value of the Company's leasehold dilapidations, providing for the potential cost to restore its leasehold premises to the condition required under the lease agreement. The provision balance at the balance sheet date is £4,473,000 (2021: £5,184,000) the decrease due to a number of standalone stores that have closed in the period.

Leasehold dilapidations are split between current and non-current at the balance sheet date based on the lease expiry date being within or greater than one year. Onerous lease contracts are split between current and non-current based on the expected timing of utilisation.



## GAME Retail Limited

### Notes to the financial statements *(continued)*

For the 52 weeks ended 23 April 2022

#### 18. Called up share capital

	23 April 2022		24 April 2021	
	Number of shares	£'000	Number of shares	Number of shares
Allotted, called up and fully paid ordinary shares of 1p each				
At the end of period	1	-	1	-

#### *Capital reserve*

The value of the capital reduction of £28,279,285 was credited to the capital reserve on 16 December 2020.

On 23 December 2021 an interim dividend of £15,000,000 was paid by GAME Retail Limited to the sole shareholder of the Company, GAME Digital Holdings Limited from capital reserve.

#### 19. Related party transactions

During the current and previous period there were related party transactions with other companies within the Frasers Group of companies and amounts receivable from company undertakings and amounts payable to company undertakings are detailed in notes 12 and 13 respectively:

The Company was recharged property and shared services related costs of £2,493,000 (2021: £1,752,000) by Sports Direct.com Retail Limited. The net balance due from GAME Retail Limited at the balance sheet date was £1,359,000 (2021: £1,104,000 due to GAME Retail Limited) which includes accrued balances that have not yet been recharged.

Further disclosures of related parties for the wider Group are available in the consolidated financial statements of Frasers Group plc.

#### 20. Ultimate controlling party

The ultimate controlling party is M J W Ashley, by virtue of his 100% ownership of MASH Holdings Limited, the ultimate parent company. MASH Holdings Limited indirectly holds the majority of shares in Frasers Group plc at 23 April 2022.

Frasers Group plc is the smallest company and MASH Holdings Limited is the largest company to consolidate these accounts. Both Frasers Group plc and MASH Holdings Limited are companies registered in England and Wales. A copy of the Group accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.