GAMES WORKSHOP GROUP PLC

Annual report 2023

FINANCIAL HIGHLIGHTS

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

See the glossary on page 82 for details on the alternative performance measures (APMs) used by the Group. Where appropriate, a reconciliation between an APM and its closest statutory equivalent is provided.

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CHAIR'S STATEMENT

Games Workshop is a great company - so it is an absolute privilege to be writing my first statement as non-executive chair, having been appointed to the role in January 2023.

The reason Games Workshop is great is that it is run with principles and has a culture and values which, when applied by good people who align to these principles and behaviours, can deliver great performance.

This formula is clearly working as I'm delighted to report that Kevin Rountree and his team have delivered another outstanding year with core revenue and profits, and dividends all at record levels.

We continue to choose not to hedge against currency fluctuations, measuring our performance and reporting against both constant currency and actual exchange rates. This year, the exchange rates proved beneficial and helped balance other inflationary pressures beyond our control. *Significantly, the skill and application of Kevin and his teams meant the core business finished the year ahead of last* year at both actual and constant currency.

These financial outcomes are crucial for the long-term success of the Company, enabling staff to be paid and rewarded, products and intellectual property to be created, suppliers and taxes to be paid, investments to be made and expansion funded while delivering a return to our shareholders - all without resorting to debt.

Understandably, society and investors have come to expect more from companies to reflect their responsibilities beyond profit. Our response to this is to take a straightforward approach based on doing the right thing, so that we can succeed forever. Our decisions are based on long-term success not short-term gains.

Culturally, 'doing the right thing' does not allow us to simply say the right thing. We are reluctant to promise what we can't deliver. This should not be mistaken for a lack of commitment and we are developing the Company's investor relations website to better articulate our position and give more visibility to some of the good work we are doing.

Not everything has gone entirely to plan and we have made some mistakes including a technical failure to file interim accounts proving we had sufficient reserves (which we did) prior to paying one of the dividend payments in November 2022. While embarrassing, acknowledgement of mistakes drives us to do better.

Mark Lam joined us in April as a non-executive director and took over from me as senior independent director. We welcome Mark who brings a range of technical skills and perspectives which will certainly enhance our board.

I would like to thank:

- Our executive directors and the whole Games Workshop team for achieving so much success this year, continuing to beat their own records, year after year;
- Our amazing and loyal customers for engaging with and investing in our fantastic products and intellectual property;
- Our shareholders for their ongoing support - we look forward to seeing you at the AGM on the 20 September 2023.

John Brewis
Non-executive chair
24 July 2023

STRATEGIC REPORT

Strategy and objectives

Games Workshop is committed to the continuous development of our intellectual property ('IP') and making the Warhammer hobby and our business ever better.

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

Let me go through our strategy part-by-part:

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

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

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

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

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

Our retail channel is supported by our own online store (it has the full range of our products) and our independent stockist and trade accounts across the world. These independent accounts do a great job supporting our customers in parts of the world where we either have not yet opened one of our stores or where it is not commercially viable for us to have one. Our long-term goal is to have all three channels (retail, trade and online) growing in harmony. We will always have more independent accounts than our own stores. Our strategy is to grow our business through geographic spread, growing all of the three complementary channels.

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

We measure our long-term success by seeking a high return on investment. In the short term, we measure our success on our ability to grow sales whilst maintaining our core operating profit margin at current levels. The way we go about implementing this strategy is to recruit the best staff we can. We look for those with the appropriate attitude and behaviour a given job requires and for those who are aligned with our principles and who are quality obsessed. It is also important that everyone we employ has a real desire to learn the skills needed to do their job and has a great attitude towards change. To support them, we offer all of our staff both personal development and skills training.

Our brands

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

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

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

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

STRATEGIC REPORT continued

Strategy and objectives continued

Our brands continued

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

Business model and structure

We are a vertically integrated business. We design, manufacture, distribute and sell our fantasy miniatures and related products. These are fantasy miniatures from our own Warhammer 40,000 and Warhammer Age of Sigmar universes. We are an international business centrally run from our HQ in Nottingham, with 78% of our sales coming from outside the UK. We have our two main factories, a paint factory, two warehouse facilities, design studios and back office support functions - all are based in or near Nottingham.

Design

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

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

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

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

Manufacture

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

Logistics

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

Sell

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

Retail - our stores provide the focus for the Warhammer hobby in their geographical areas. Our stores only stock Games Workshop product. They are where we recruit the majority of our new customers. To do so, the stores don't offer the full range of our product, only starter sets, new release products and the appropriate extended range. At the period end, we had 526 of our own retail stores in 23 countries. We have 399 single staff stores: small sites, each one operated by only one store manager. We also have 127 multi-staff stores, which, like our single staff stores, are constantly reviewed to ensure they remain profitable. If not, they will probably be converted to single staff stores.

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

Business model and structure continued

Sell continued

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

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

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

Structure

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

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

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

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

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

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

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

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

Key performance indicators

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

Our key financial performance indicators are:

Monthly and year to date core business sales growth by channel

This measures the core business sales growth achieved in each of our core channels on a monthly and year to date basis: see page 9.

Monthly and year to date core gross margin

This measures the core gross margin achieved on core sales after taking account of the direct costs, depreciation of manufacturing equipment and the costs of shipping our product to customers/stores on a monthly and year to date basis: see page 11.

Year to date core operating profit percentage

The ratio of core operating profit against core revenue, as a percentage: see page 11. This is considered to be a measure which reflects sales and costs under our direct control.

STRATEGIC REPORT continued

Key performance indicators continued

Monthly and year to date core operating profit

This measures gross profit less operating expenses for the core business on a monthly and year to date basis: see page 11. This is considered to be a measure which reflects sales and costs under our direct control.

Year to date licensing revenue

This measures licensing revenue and cash earned from licensing: see page 9. These measures reflect revenue which is not under our control.

Our key non-financial performance indicators are:

Number of own stores by territory

This measures the number of our own stores which is an indicator of our global reach: see page 10.

Number of ordering stockist accounts by territory

This measures the number of trade outlets that have ordered from us in the last six months. It is an indicator of our global reach and the health of our trade account base: see 'Trade' paragraph on page 4.

Customer engagement

We measure this through our owned content channel Warhammer-community.com and reach delivered through our social platforms: see pages 8 and 9.

Shareholder value

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

We return our surplus cash to our owners and try to do so in ever increasing amounts. A 'working cash buffer' of three months' worth of working capital requirement has been set aside alongside six months' worth of future tax payments before deciding how much cash is truly surplus for the purpose of declaring dividends.

Graph of shareholder value

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

Review of the period

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

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

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

Review of the period continued

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

We also take an ambitious approach to aligning ourselves with broader stakeholders' opinions on how we run Games Workshop. We have, in the period reported, continued our focus on environmental, social and governance (ESG) areas. The board, operational board and our senior managers carried out a thorough review of our carbon footprint which was supported by third party specialists. In summary, we have committed to significantly reducing our scope 1 and 2 emissions over the next 10 years. We have a detailed plan and so we believe it is achievable. More of that on page 23 later.

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

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

Design

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

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

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

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

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

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

Manufacturing

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

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

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

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

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

STRATEGIC REPORT continued

Warehousing

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

North America

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

UK

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

Australia

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

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

Service centres

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

Customer focused

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

Our stores

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

Warhammer Community

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

My Warhammer

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

Warhammer+

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

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

Customer focused continued

Email

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

External events/social media

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

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

Licensing business

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

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

Entertainment

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

Video games

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

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

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

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

Sales

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

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

STRATEGIC REPORT continued

Revenue by sales channel

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

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

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

Store openings and closures during the period:

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

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

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

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

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

Core gross margin

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

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

Operating expenses

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

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

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

Operating profit

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

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

Cash generation

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

Dividends

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

Return on capital employed - core business

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

Investments in assets

This is what we have been spending your money on:

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

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

Inventories

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

Trade and other receivables

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

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

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

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

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

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

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

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

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

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

Non-financial and sustainability information statement
As highlighted in the business model section earlier in this annual report, we are a relatively complex business. With this in mind, we aim to comply with the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. The table below and the information it refers to is intended to help stakeholders understand our position on key non-financial matters and how we are addressing our reporting requirements. This is an area of focus for us going forwards.

Reporting requirement	Key policies and standards which govern our approach and controls	Where this is referenced in this annual report
Employees	Employee statement Attendance and absence policies including career break, maternity, paternity and shared parental leave Disciplinary, grievance and appeals policy Social media policy Health and safety policy	Pages 23 to 25
Anti-corruption and bribery	Anti-bribery policy Anti-slavery policy Insider dealing policy Whistleblowing policy	Page 35 Page 26 Page 35
Human rights	Safeguarding policy Data protection policy Dignity at work policy Equal opportunities policy	 Pages 24 and 25
Environmental matters	Environmental statement Product safety policy Climate related financial disclosures	Pages 18 to 23 Page 25 Page 20
Business model		Pages 4 and 5
Non-financial KPIs		Page 6
Description of principal risks		Page 14

STRATEGIC REPORT continued

Gender diversity, greenhouse gases, social, community and human rights, and employees
We report on these topics in the directors' report on pages 18 to 26.

Section 172 statement
This section describes how the directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 in exercising their duty to promote the success of the company for the benefit of its members as a whole.

The likely consequences of any decision in the long term
To be around forever, it is essential that the board makes decisions which are the best for Games Workshop in the long term. These decisions are focused on long-term success, not short-term gains. The best example of this is the ongoing investment in our studios and our rich IP. This together with our capital investment in new production facilities, warehousing space and technology, as well as global IT infrastructure will stand us in good stead for the future.

The interests of the Group's employees
The board actively engages with employees to ensure that the opinions and ideas of staff are always considered, and that staff are kept up to date and informed. This has been achieved by running a series of quarterly departmental briefings, led by senior managers which helps facilitate open communication.

The need to foster the Group's business relationships with suppliers, customers and others
Suppliers
The board is briefed on a monthly basis regarding major investments and ongoing relationships with key suppliers as required. The board also has oversight of relationships with suppliers through regular updates and reports from the executive directors. Details of how we engage with suppliers can be found in the directors' report on page 26.

Customers
The enjoyment of all things Warhammer by our customers is our priority. The board assesses and considers customer satisfaction and engagement on a regular basis. Sales and performance information provide the board with good visibility of customer demand on a monthly basis. Key performance indicators in respect of engagement with customers through our Warhammer Community website, digital communications, and initiatives like Warhammer Alliance are likewise reported to, and assessed by, the board regularly. Any other significant trends, issues or opinions of our customers are reported up to and discussed by the board when appropriate. Details of how we engage with customers can be found in the director's report on pages 25 and 26.

The impact of the Group's operations on the community and the environment
The board recognises the importance of managing the social impact of the business and minimising any adverse impact of our operations on the environment. Details of the progress made in respect of social responsibility and sustainability can be found in the directors' report on pages 18 to 23.

The desirability of the Group maintaining a reputation for high standards of business conduct
The board expects the highest standards of business conduct. The board receives regular updates in respect of matters of regulatory compliance, and the business has policies, procedures and processes in place in respect of modern slavery, bribery and corruption, ethical sourcing and tax evasion. The board recognises the importance of good corporate governance. Details of the approach taken by Games Workshop can be found in our corporate governance report on pages 28 to 32.

The need to act fairly as between members of the Company
The Company has one class of shares so all shareholders are treated equally. Details of how we engage with shareholders can be found in our corporate governance report on page 31.

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

The key strategic risks to the Group are regularly reviewed by the board. The principal strategic risks identified in 2022/23 are discussed below. These risks are not intended to be an extensive analysis of all risks that may arise but more importantly are the ones which we believe could cause business interruption.

- IT strategy and delivery - with a number of significant business projects in play, all of which are dependent on IT support, there is a requirement for a robust IT strategy which enables us to deliver key strategic projects as well as supporting day to day activities. We are actively supporting our global head of IT in investing in the structure of his team to ensure the IT support needs of the business can be delivered. We have appointed a new non-executive director, Mark Lam, with many years of operational and strategic IT experience to help management review their strategies and operational plans.

Risks and uncertainties continued

- Media - whilst this remains an area for future growth, it is imperative that exploitation of our IP through media channels does no harm to our core business. Our IP steering team meets every month to discuss ongoing and future exploitation, to ensure that all use of our IP, through all channels, is approved, correct and consistent. It is fully supported by our in-house legal team who will act when needed. The operational board meets quarterly to review progress and current status of all licensing projects.

In addition to this, we have a number of additional operational risks as modelled in the viability statement (page 27) but we do not consider these to be principal strategic risks.

Priorities for 2023/24

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

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

Staff training and development

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

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

Growth

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

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

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

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

Customer focused

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

Social responsibility

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

Sustainability - climate change

We will continue our work on reducing our carbon footprint in line with our plan documented on page 23 and explain how we are doing against those goals.

Licensing business

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

Outlook

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

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

Kevin Rountree
CEO
24 July 2023

DIRECTORS' REPORT

The directors present their annual report together with the audited consolidated financial statements and independent auditor's report for the period ended 28 May 2023.

General information
Games Workshop Group PLC (the 'Company') and its subsidiaries (together the 'Group') designs and manufactures miniature figures and games and distributes these through its own network of retail stores, independent retailers and online via the global web stores. The Group has manufacturing activities in the UK and sells mainly in the UK, Continental Europe, North America, Australia, New Zealand and Asia. The Group also grants licences to third parties for the development of video games and other products utilising the Group's intellectual property.

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

Dividends
Dividends of 415 pence per share were declared and paid during the period (2022: 235 pence per share declared, 285 pence per share paid). As a result of a procedural oversight, 2 pence per share of the dividend paid on 25 November 2022 was classed as an unlawful dividend. Although the Company always had sufficient reserves to pay this dividend at the time it was made, the Companies Act 2006 requires this to be demonstrated by reference to interim accounts filed at Companies House prior to payment. Those interim accounts, however, were not filed with Companies House until after the relevant dividend had been paid and after the lapse had been identified. No fines or penalties have been incurred by the Company. Please see resolution 15 tabled in the notice of meeting for the annual general meeting ('AGM').

Directors
The present directors of the Company are listed on page 48. All of the directors were members of the board throughout the year and up to the date of signing the financial statements except Elaine O'Donnell, who stepped down from the board on 31 December 2022, Randal Casson who joined the board on 1 July 2022 and Mark Lam who joined the board on 11 April 2023.

In accordance with the 2018 UK Corporate Governance Code ('the Code'), all directors are subject to annual re-election. In relation to the non-executive directors, the chair has confirmed that, following formal performance evaluation, the performance of Kate Marsh, Randal Casson and Mark Lam continues to be effective and they continue to demonstrate commitment to their roles as non-executive directors, including commitment of the necessary time to board and committee meetings and other duties. John Brewis is considered by the board to be independent of the Group, as set out in the corporate governance report. The non-executive directors have formally evaluated the performance of John Brewis as non-executive chair and consider him to be effective in his role.

Directors' interests
The interests of the directors in the shares of the Company, together with details of share options granted to the directors, are disclosed in the remuneration report on page 46. None of the directors had a material interest in any contract of significance to which the Company, or any of its subsidiaries, was a party during the year.

Directors' indemnities
The Company has made qualifying third party indemnity provisions for the benefit of its directors, as permitted by section 234 of the Companies Act 2006, which were in force during the year and up to 24 July 2023.

Information on executive directors
Kevin Rountree, CEO. Kevin joined Games Workshop in March 1998 as assistant group accountant. He then had various management roles within Games Workshop, including head of sales for the Other Activities division (including Black Library, Licensing and Sabertooth Games). Kevin was appointed CFO in October 2008. and chief executive on 1 January 2015. He is a qualified chartered management accountant and prior to joining Games Workshop, Kevin was the management accountant at J Barbour & Sons Limited.

Rachel Tongue, CFO. Rachel joined Games Workshop in September 1996 as group tax manager. She then had various accounting roles within Games Workshop and was appointed company secretary in October 2008. She has also managed the legal and compliance functions within Games Workshop since November 2012. She was appointed group finance director in January 2015 and assumed the role of chief financial officer in November 2020. Rachel is a qualified chartered accountant and chartered tax adviser having trained with Arthur Andersen.

Information on non-executive directors
John Brewis was appointed to the board on 20 June 2018 and became non-executive chair on 1 January 2023. John has over 30 years' experience in high volume manufacturing businesses and had various roles within Reach Plc, formerly Trinity Mirror Plc, including managing director of the Group's manufacturing division.

Randal Casson was appointed to the board on 1 July 2022. Randal qualified as a chartered accountant with PwC. He worked there for 35 years, the last 22 years of which he was an audit partner. He retired from PwC on 30 June 2022.

Information on non-executive directors continued
Kate Marsh was appointed to the board on 24 July 2019. Kate has over 30 years' experience in digital and media businesses. She is currently non-executive director at Devolver Digital Inc., Elstree Film Studios Limited and is heading up international channel development for MGM where she leads the storied studio's branded digital services outside of the US. Kate has built and managed significant media businesses across Europe holding senior roles with Sky, GroupM, the BBC, and Sony Pictures Television.

Mark Lam was appointed to the board on 11 April 2023 and became senior independent director on 18 May 2023. Mark has many years of board experience in telecommunications and information technology. Mark was previously chief technology and information officer of Openreach and a senior executive at BT Group. He holds a number of public appointments in the UK and currently serves as chair of the Royal Free London NHS Foundation Trust, one of the largest hospital groups in Europe.

Independent auditor
As at 24 July 2023, so far as each director is aware, there is no relevant audit information of which the auditor is unaware and each director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Share capital, share rights and other information
As at 24 July 2023, the Company's authorised share capital was £2,100,000 divided into 42,000,000 ordinary shares of 5p each nominal value ('ordinary shares'). On 21 July 2023 there were 32,913,994 (21 July 2022: 32,840,204) ordinary shares in issue. These ordinary shares are listed on the London Stock Exchange. All ordinary shares rank equally with respect to voting rights and the right to receive dividends. Shares acquired through the Company's share schemes rank pari passu with the shares in issue and have no special rights. The holders of ordinary shares are entitled to receive the Company's annual report, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights. There are no restrictions on transfer or limitations on the holding of any class of share and no requirements for prior approval of any transfers. The directors may refuse to register a transfer of shares if there is a failure to comply with certain requirements of the Company's articles of association. None of the shares carry any special rights with regard to control of the Company.

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

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

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

The Company's articles of association also state that the board of directors is responsible for the management of the business of the Company and in doing so may exercise all the powers of the Company subject to the provision of relevant legislation and the Company's constitutional documentation. The powers of the directors set out in the Company's articles of association include those in relation to the issue and buy-back of shares. As at 28 May 2023, the Company had an unexpired authority to repurchase shares up to a maximum of 3,284,020 shares. During the period no shares were purchased in the market for cancellation.

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

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

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

Corporate governance
The Company's statement on corporate governance is included in the corporate governance report on pages 28 and 29 and forms part of this report.

DIRECTORS' REPORT continued

Environment and social

Our head of social responsibility and sustainability ('SRS') co-ordinates our social responsibility and sustainability initiatives into a strategic plan that ensures we act responsibly and sustainably in everything that we do. We now have a dedicated team who are responsible for co-ordinating the delivery of our SRS strategy as set out below. Many of these initiatives are not new.

SRS strategy

Like all companies, Games Workshop has a responsibility to operate in a way that brings value to all our stakeholders and to continue to build a company that does the right things, of which we can all be proud.

Our hobby brings tremendous amounts of enjoyment to the members of our community - facilitating friendships and an escape into an immersive universe of fantasy characters and worlds, whilst helping build social skills, strategic thinking, and providing a medium for artistic expression. Through Warhammer Alliance, our in-store staff provide educational support for the Warhammer hobby and participation in the Warhammer Skills Development Programme can also contribute to the Duke of Edinburgh's Award. We are proud of what we do and that the design, manufacture and sale of the best fantasy miniatures in the world provides so much enjoyment to our customers. However, we can't ignore the impacts from our use of resources (the majority of our miniatures are made from plastic) or the resulting emissions and waste caused by our activities.

Our SRS strategy is built to support our overall business strategy. To deliver the long-term success of the business and continue to engage and inspire our customers forever, we have to proactively reduce our environmental impact and ensure high ethical and environmental standards throughout our operations and supply chain.

The strategy is focused upon the following areas:

Environment

- Promoting sustainability throughout everything we do
- Playing our part in tackling climate change
- Reducing waste
- Minimising the use of natural resources

People

- *Creating a positive environment for staff*
- Promoting responsible manufacture
- Ensuring ethical supply chains
- Protecting our customers

The SRS strategy will help us improve the transparency of our reporting and allow us to communicate clearly on how we are addressing key subjects. This year we report on the progress we have made on key focus areas.

Environment

We will aim to capture our activities associated with managing our environmental impact both in our operations and throughout our supply chain. Our focus will be on fulfilling our role in helping to tackle climate change, using resources efficiently and working to minimise the waste associated with our operations and products, and ensuring any waste is dealt with as sustainably as possible.

Climate strategy

We have carried out a climate scenario analysis (CSA). This CSA helps us understand the potential context in which our business will be operating in the future and allows us to prepare for a variety of different possible outcomes. The analysis uses existing climate change science and applies projections to suggest how our business may be impacted by climate change.

CSA methodology

We conducted our CSA using a standard methodology in accordance with guidance provided by the Taskforce for Climate-Related Financial Disclosures (TCFD) recommendations. The approach is broken down into its key components below:

- Risk screening
  For the first iteration of our CSA, we focused solely on risks rather than opportunities. We screened all potential risks and narrowed them down further through workshops to produce a shortlist, which consisted of two physical and two transitional risks.
- Scenario selection
  We used global climate scenarios defined by the Network for Greening the Financial Systems (NGFS). We selected three climate scenarios from the NGFS for our analysis. Details can be seen in 'chosen climate scenarios' below. Each scenario presents a distinct possible future in which we may be operating.
- Impact quantification
  We carried out a range of different workshops internally to gain an understanding of the operational implications of each of the identified risks and how these may vary across the three different scenarios. These workshops were carried out with input from external climate scenario planning experts within different areas of our business.

Through this we were able to identify a wide variety of potential impacts on our business model resulting from climate change. When analysing each risk, qualitative and, wherever possible, quantitative assessments were made.

Environment continued

Chosen climate scenarios

The three selected scenarios from the NGFS can be seen below, in order of the severity of risk exposure from lowest to highest.

- 'Net zero 2050'
  An ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net zero CO_2e emissions around 2050. This scenario assumes that ambitious climate policies are introduced immediately. Carbon removal is used to accelerate decarbonisation but kept to the minimum possible and broadly in line with sustainable levels of bioenergy production. Net CO_2e emissions reach zero around 2050, giving at least a 50% chance of limiting global warming to below 1.5°C by the end of the century. Physical risks are relatively low, but transition risks are high.
- 'Divergent net zero'
  A scenario that reaches net zero by 2050, but with higher costs due to a less integrated and consistent approach to policy across different sectors and regions along with a quicker phase out of fossil fuels. This mimics a situation where the failure to coordinate the policy stringently across sectors results in a high burden on consumers, while decarbonisation of energy supply and industry is less stringent. Furthermore, the availability of carbon dioxide removal technologies is assumed to be lower than in 'net zero 2050'. Emissions are in line with a climate goal giving at least a 50% chance of limiting global warming to 1.5°C by the end of the century but with considerably higher transition risks than net zero 2050.
- 'Current policies'
  This scenario assumes that only currently implemented policies are preserved, leading to high physical risks. This represents a business-as-usual scenario with minimal meaningful action taken on reducing emissions. Emissions grow until 2080 leading to about 3°C of warming and severe physical risks. This includes irreversible changes, such as higher sea level rise, and potentially the crossing of devastating climate 'tipping points' such as widespread methane release through the melting of permafrost landscape, or the permanent shutdown of the Atlantic Gulf Stream.

Outcomes

The outcome of this CSA was the identification of the most relevant climate-related risks for our business (summarised below), a stronger understanding of their potential impacts across the different selected scenarios and a conclusion that there is no substantive impact on the financial statements. Of the risks that were identified, all were found to have global potential; however, the most significant impacts were focused on the UK and US where the bulk of our manufacturing and distribution operations are.

Whilst some of the risks identified have the potential to have a significant impact, the likelihood of these are considered to be low at this time. We recognise that for this conclusion to be valid, it needs to be kept up to date with the most recent science and understanding of climate change. *As such, the CSA and the scenarios used will be reviewed each year and undergo a full refresh every three years to ensure* they remain relevant and appropriate for our business. Following the 2022/23 review, an additional risk regarding access to resources has been included below.

Identified risks

Risk type	Risks	Description	Timescale	Likelihood	Potential Impact	Impact	Management process
Physical	Extreme weather - retail	If the frequency and severity of events like flooding and hurricanes increase then this may interrupt operations and damage assets and facilities, leading to revenue loss and repairs costs, respectively.	1-3 years	Medium	Low	Increased capital expenditure and loss of revenue	Consideration of weather resilience in site selection and building design
	Extreme weather - logistics			Low	High		
Transitional	Carbon pricing	If carbon taxes are implemented or increased in certain countries then this could cause our cost base to increase.	1-3 years	Low	High	Increased operating costs	Development of low carbon alternatives for materials and operations (e.g. sourcing on-site renewables)
Physical	Supply chain disruption	If the indirect effects of climate change increase in frequency or severity (e.g. conflict or geopolitical issues) then logistics services may be interrupted and/or their costs may increase.	>3 years	High	Medium	Increased operating costs	Consideration of benefits of production and warehousing expansion and diversification
Transitional	Access to resources	If there is an increased scrutiny in the use of fossil fuels then this could impact the availability and/or cost of the materials needed to manufacture our products and operate our facilities.	>3 years	Low	High	Increased operating costs	R&D programmes to increase closed loop recycling and evaluate alternatives

DIRECTORS' REPORT continued

TCFD

We support the recommendations of the TCFD. We recognise the need to reduce our carbon emissions and further strengthen the resilience of our business to the impacts of climate change. In accordance with Listing Rule 9.8.6R (8), we confirm that the statement of this annual report includes climate-related financial disclosures consistent with the TCFD Recommendations and Recommended Disclosures. In determining this, we have followed Section C of the TCFD Annex entitled 'Guidance for All Sectors' and Section E of TCFD Annex entitled 'Supplemental Guidance for Non-Financial Groups' (where relevant). We plan to further develop the metrics (and where appropriate, targets) that help monitor specific identified climate-related risks and opportunities to help strengthen our management of climate-related risks and maintain our compliance.

The following is a summary table detailing our broad approach to each recommended disclosure, and signposting to the relevant sections of our annual report.

TCFD recommendation	Summary of approach to disclosure	Signpost to detailed disclosure
Governance		
Describe the board's oversight of climate-related risks and opportunities	Ultimate accountability for and oversight of climate-related risks and opportunities sits with the board. Strategic oversight of climate-related risks is provided by the Sustainability Steering Group (SSG), chaired by the CFO, who forward any significant risks on to the audit and risk committee (see below for more detail). The board will review all strategic and financially substantive risks at least twice a year through the audit and risk committee, which includes current progress on any targets defined to manage climate-related issues associated with these risks. The outputs from these committee meetings will help refine and plan the changes to the strategy, risk management processes, policies and future investment.	Pages 29 and 30 - Board committees Page 33 - Significant issues considered by the audit and risk committee
Describe management's role in assessing and managing climate-related risks and opportunities	Strategic oversight of climate-related risks is provided by the SSG. The SSG is chaired by the CFO and meets quarterly. It reviews climate-related and other sustainability risks collated from across Games Workshop, with any significant risks forwarded on to the audit and risk committee for consideration alongside other risks that could impact on the Group's strategic or financial planning. The SSG also monitors progress on risk management activities undertaken by the specific areas across the business as part of their efforts to manage climate-related issues associated with their activities. Our head of SRS is responsible for co-ordinating the management of climate-related risks and opportunities via the Carbon Management Group (CMG). This group meets monthly to review progress on delivery of our plan including: the identification, assessment, and management of climate-related risks; and monitoring of associated goals and targets. The group is chaired by the head of SRS and is supported by senior managers from the relevant teams across the business.	Page 33 - Significant issues considered by the audit and risk committee Page 34 - Risk management
Strategy		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	We have carried out a CSA. This CSA helps us understand the potential context in which our business will be operating in the future and allows us to prepare for a variety of different possible outcomes. The analysis uses existing climate change science and applies projections to suggest how our business may be impacted by climate change. The ultimate outcome of this CSA was the identification of the most relevant climate-related risks for our business (summarised on page 19 'Identified risks') and a stronger understanding of their potential impacts across the different selected scenarios.	Pages 18 and 19 - Environment
Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning	Of the risks that were identified, all were found to have global potential. However, the most significant impacts were focused on the UK and US where the bulk of our manufacturing and distribution operations are. Whilst some of the risks identified have the potential to have a significant impact, the likelihood of these are considered to be low at this time. We recognise that for this conclusion to be valid, it needs to be kept up to date with the most recent science and understanding of climate change. As such, the CSA and the scenarios used will be reviewed each year and undergo a full refresh every three years to ensure they remain relevant and appropriate for our business. Following the 2022/23 review, an additional risk regarding access to resources has been included below.	Pages 18 and 19 - Strategy
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Based on the response to the recommendation above, the Group considers that its strategy is resilient to the potential impacts of the scenarios identified.	Pages 18 and 19 - Strategy

Risk management		
Describe the organisation's process for identifying and assessing climate-related risks	The identification of emerging climate related-risks and opportunities and the monitoring of any changes is coordinated through the CMG. Any hazards that can potentially result in climate-related risks and opportunities are identified using a range of processes, including: monitoring future developments, stakeholder engagement, *scenario planning and subject matter expertise. Relevant hazards are consolidated into risks and opportunities and assessed by our CMG based on the likelihood of* occurrence and the potential impact. The identified risks are added to our climate risk register where they are ranked and prioritised. Any risks that pass an impact threshold in any one category, including financial, reputational or environmental impacts, are also added to the risk register for the relevant part of the business who are then responsible for managing that risk appropriately.	Page 34 - Risk management
Describe the organisation's process for managing climate-related risks	Climate-related risks cover a broad range of potential business risks - from specific risks where climate change acts as the primary cause, to risks where climate change acts to accelerate or worsen the impact of existing risks. The management of these different risks varies according to the type of risk they are, and their effective time horizon as follows: • Transitional risks, such as those caused by the increasing cost of high carbon materials, are often not within our control but can be managed. For example, through the development of manufacturing technology that avoids such materials. • *Physical risks, such as the increased likelihood of supply chain disruptions caused by* extreme weather conditions, that are outside our control are often best managed through risk transfer. For example, having business continuity insurance to cover any lost revenue caused by an unforeseen disruption in business operations. Whilst some aspects of the management of climate-related risks (such as their impact on financial planning) apply at all time horizons, other aspects are more suited to specific time horizons as follows: • Short term: considers climate-related risks that could affect the business within the next 12 months. The management of such risks will form part of decisions made in line with our budgeting process. • Medium term: considers climate-related risks that could affect the business in one to three years' time. These risks are managed through our three year operational plan and influence decisions such as target setting. • Long term: considers climate-related risks that could affect the business beyond three years. These risks are managed as part of our long term strategic planning activities.	Page 15 - Priorities for 2023/2024 Page 18 - Environment and social Pages 18 and 19 - Environment Pages 22 and 23 - Metrics and targets Page 34 - Risk management
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Climate-related risks are considered as part of our group wide risk management process. Substantive climate-related risks with the potential to have a material financial or strategic impact on our business are added to the group wide operational risk register. These substantive risks are reviewed, alongside all other group wide risks at least twice a year by the audit and risk committee.	Pages 29 and 30 - Board committees Page 33 - Significant issues considered by the audit and risk committee Page 34 - Risk management
Metrics and targets		
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Specific climate-related risks are assessed using a range of scope 3 carbon emissions data that help us monitor the effect of any management activities and so help steer our strategy. For example, we measure the carbon emissions associated with purchased goods and services to evaluate the effect of activities aimed at reducing our exposure to carbon pricing. With that said, the understanding of how climate change may impact on business and society is ever evolving and there is more to do in this area. We plan to further develop the metrics (and where *appropriate*, targets) that help monitor specific identified climate-related risks and opportunities.	Pages 18 and 19 - Environment Page 34 - Risk management
Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas (GHG) emissions and the related risks.	We report annually on all material global emissions using an operational control approach for our scopes 1 and 2, plus selected scope 3 emissions. Our audit and risk committee considers all relevant climate-related factors as part of our overall approach to risk management.	Pages 22 and 23 - Metrics and targets
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	To help us to set targets and manage the externally driven elements of these risks, we continue to work with our supply base to better measure carbon emissions and impacts associated with the goods and services they provide. However, we have a good understanding of our scope 1 and 2 emissions and the internal factors that drive them. Our scope 1 and 2 target will be to reduce our CO_2e emissions by 55% by 2032, using 2021/22 emissions as a baseline. This target is in line with the level of decarbonisation required to limit temperature rises to 1.5°C so is aligned with the UK Government's targets.	Pages 22 and 23 - Metrics and targets

DIRECTORS' REPORT continued

Metrics and targets

We report on all material global emissions using an operational control approach for our scopes 1 and 2, plus selected scope 3 emissions. The methodology used to compile our GHG emissions inventory is in accordance with the requirements of the following standards: the WRI GHG Protocol Corporate Standard (revised version) and DEFRA's Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019). Our energy and carbon disclosures for the period 1 June 2022 to 31 May 2023 are set out below:

Scope	Emissions source	2023 TCO_2e UK emissions	2023 TCO_2e Total emissions	Restated 2022 TCO_2e Total emissions
Scope 1	Natural gas	278	580	672
	Company cars	23	31	38
	Other fuels	1	1	9
	Refrigerants	3	4	32
	Total scope 1	305	616	751
Scope 2	Electricity (location based)	1,824	3,992	3,898
	District heating	-	36	-
	Total scope 2	1,824	4,028	3,898
	Total scope 1 and 2	**2,129**	**4,644**	4,649
Scope 3	Purchased goods and services		41,188	37,860
	Capital goods		791	-
	Upstream transport and distribution - air		3,020	1,676
	Upstream transport and distribution - sea		1,338	1,838
	Upstream transport and distribution - road		2,684	5,420
	Upstream transport and distribution - warehousing		96	-
	Upstream transport and distribution - other		2,586	-
	Waste generated in operations		231	229
	Business travel - flights		665	221
	Business travel - other		93	69
	Total scope 3		52,692	47,313
	Total scope 1, 2 and 3		**57,336**	51,962
Total energy usage (mWh)		**10,976**	**19,151**	18,380

The prior year emissions and energy usage have been restated for gas and electricity due to errors in how utility data was captured in German and US retail stores in 2021/22. Also, purchased water emissions have now been included within purchased goods and services. Capital goods, warehousing and other upstream transportation were included in purchased goods and services and transportation categories in the prior year.

	2023	Restated 2022
Carbon intensity (tCO_2e /£000) scope 1, 2, 3	**0.122**	0.126
Carbon intensity (tCO_2e /sq. m.) scope 1, 2, 3	**0.342**	0.311

Games Workshop has used a carbon management platform to independently calculate its Greenhouse Gas (GHG) emissions in accordance with the principles of the Greenhouse Gas Protocol. The GHG emissions have been assessed following the ISO-14064:2018 standard and have used the 2022 emission conversion factors published by the Environmental Protection Agency (EPA), the Department for Business, Energy Industrial Strategy (BEIS), International Energy Agency (IEA) and other public resources. The reporting year shown is from 1 June 2022 to 31 May 2023, and considers all assets under the Company's operational control. The scope 3 boundary has been developed in accordance with the Greenhouse Gas Protocol Scope 3 Guidelines.

Actual activity data has been collected from across the Group on a monthly basis where available, and annually if not. This data has been summarised, reviewed, and assessed by a third party for its completeness and accuracy. The activity data is multiplied by an appropriate emission factor to calculate the scope 1, 2 and 3 emissions.

This year our total GHG emissions for scope 1, scope 2 and scope 3 increased by 10.3% on last year. This increase is primarily driven by an increase in emissions associated with our purchased goods and services, in line with our growth as a business. Our revenue based emissions intensity has decreased by 3.2% to 0.122 tCO_2e /£000 this year, from 0.126 tCO_2e /£000 in 2021/22.

Metrics and targets continued
Further details on our reporting and notable trends are as follows:

- Scope 1 - Our direct scope 1 emissions have decreased by 18.1% from the previous period. This is largely due to a reduction in the use of natural gas for on site heating processes.
- Scope 2 - This year, our scope 2 emissions have seen an increase of 3.3%, primarily due to an increase in electricity use overall and an increase in district heating for some of our European retail stores. Whilst we are able to use actual electricity usage data to calculate and report emissions for all our manufacturing and logistics operations, as well as our UK retail stores, a number of our non-UK retail stores still rely on spend based data. This is something that we are planning to address as part of our commitment to reduce our scope 1 and 2 emissions.
- Scope 3 - As in previous periods, scope 3 represents over 90% of our total emissions, with the most material activities being the purchasing and transportation of goods. This year the emissions from purchased goods and services increased by 8.8%, which has been driven by the continued growth of the business. Our emissions from upstream transportation and distribution also increased by 8.8%, which has been driven by an increase in air transport activities.

Greenhouse gas targets
As part of our commitment to fulfilling our role in tackling climate change, we have set a scope 1 and 2 emissions reduction target to reduce our carbon footprint in line with the level of decarbonisation required to limit temperature rises to 1.5°C. Our scope 1 and 2 target will be to reduce our CO_2e emissions by 55% by 2032, using 2021/22 emissions as a baseline. We recognise the importance of decarbonising our business and contributing to mitigating climate change.

Energy consumption
Energy consumption represented 8% of our total CO_2e emissions in 2022/23. 34.2% of our scope 1 and 2 emissions are from our manufacturing and sales operations at our main site in Nottingham. Our current electricity mix at our main site and 135 UK retail stores includes 97.4% of electricity from renewable sources. Whilst we continue to use a mixture of on-site solar and purchased green electricity to supply our main site, as well as our 135 retail stores in the UK, our energy and carbon reduction activities are also focused on energy efficiency measures and staff engagement. During 2022/23 we have:

- Continued to upgrade lighting to LED and PIR operation across our sites,
- Completed the commissioning of our new solar power array on Factory 2 of our main site (April 2023). This array has a peak generation capacity of 263 kWp and, when combined with our existing array on Factory 1, will satisfy 7% of our main site's electricity needs, and
- Replaced water heating systems for offices and toilet facilities to electric, enabling them to benefit from the on-site solar and purchased renewable electricity.

In line with the Energy Savings Opportunity Scheme (ESOS), we are planning our Phase 3 audit for later in the calendar year. As part of this audit we will be conducting a more in depth assessment of energy consumption, including factory HVAC systems, manufacturing machine efficiency, and catering facilities. The findings of this audit will provide us with renewed understanding and opportunities to increase energy efficiency further.

Plastics and packaging
Plastics are one of the main resources that we use in the production and supply of our products. Minimising any waste and ensuring that the waste that is unavoidable is treated in the most sustainable way possible is therefore a key aspect of ensuring our business is as sustainable as possible. This year we carried out a detailed review of waste in our production process. This review considered whether plastic packaging is necessary, and, where it was, how we could increase recycling and resource efficiency. As a result of this review, we launched a pilot programme in the UK to recycle old sprues and paint pots in our stores. The pilot programme launched in March 2023 and we will monitor uptake before considering scaling the programme. We have also begun removing single use plastic packaging from our boxed games and other products and replacing it with more sustainable alternatives.

Operational waste
We already employ a number of robust processes to promote responsible and sustainable management of our operational waste. This year we changed our UK waste management provider to ensure we use experts that help us reduce waste to a minimum and increase the reuse and recycling of waste that is unavoidable. Our operational waste plan has allowed us to reduce waste as far as we can, however we won't become complacent and will continue to explore ways to further reduce and recycle our operational waste and our use of non-recyclable packaging.

People
The people that we work with are one of our greatest assets. Ensuring that we conduct our business in a socially responsible manner and taking responsibility for ensuring people are treated with respect is important if we are to be around forever.

The enjoyment of all things Warhammer by our customers is our priority. By always conducting business in a responsible way, we will ensure that Warhammer is a safe and fun experience for all.

Our objectives and efforts in this area are to support both our direct employees and the wider workforce of our supply chain so they feel valued and respected, and to protect our customers who use our products or visit our stores or events.

People continued

Employees

Development and training

Our employees are constantly looking for ways to improve. We strive to create a culture and environment that encourages everyone to achieve their potential.

We continue to invest in our learning and development offer, this year has seen our development team offer facilitated management training to all managers globally offering for both development of skills and sharing of best practice. We will continue to grow our learning content developed according to our needs as a business. We continue to encourage all employees to enhance their personal and professional development.

All new starters who join Games Workshop around the world take part in a global induction process. This ensures that everyone who joins us, regardless of country or role, receives a positive welcome, a consistent understanding of who we are and what we do and an understanding of our culture. We have a strong culture built on the principles of honesty, courage, integrity, and inclusivity.

We continue to build partnerships with trusted apprenticeship schemes in the UK. These support, complement and enhance our staff recruitment, retention and development, providing us with 'home-grown' employees with the right fit, knowledge and skills for our business. We currently have apprentices working in positions across our manufacturing and engineering teams.

We continue to maintain and develop policies to ensure our business operates to high ethical standards. This includes our policy on anti-bribery and corruption, which is applicable to all relevant employees. We also maintain favourable employment terms for our employees which set out flexible working, where relevant.

People plan

We continue to carry out a group-wide people plan review on a six monthly basis. This plan is used to identify the jobs which are critical to the ongoing success of Games Workshop and allow us to proactively plan for the future resource needs of the business, mitigate against any resourcing risks and identify the development needs of our staff. The plan is critical to making sure that we have the right people, in the right jobs, at the right time, both now and in the future.

Staff communications

We are always looking for ways to improve communication with our staff. We issue a monthly global newsletter to share all business updates across all territories/departments on a regular basis. This newsletter helps keep all staff up to date on business updates. In addition, we run quarterly senior management briefings to allow senior managers to brief all staff in their areas on significant business updates. This forum also allows staff to ask questions of their senior management team. We continue to explore ways to integrate further feedback mechanisms to ensure staff feel engaged, included and listened to.

Further details of how we engage with staff, and the effect of this is detailed in our section 172 statement on page 14.

Living wage

The Group maintains the UK national living wage for all UK employees, regardless of age.

Sharesave

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

Diversity

The board recognises that the business can benefit from a wide range of perspectives and backgrounds. The board, and the nomination committee in particular, firmly believe that diversity plays a key role in promoting balanced decision making, through the sharing of a variety of perspectives and insights that allow for effective strategy development. In defining the composition of the board, the board will always meet its regulatory obligations, as well as take into consideration best practice and stakeholder expectations, while having regard to the needs of the business.

This also forms part of our approach to encourage diversity, equity and inclusion among our workforce. All employees have had the opportunity to undertake unconscious bias training and this is a mandatory part of the training for all new starters. This has helped to reduce bias in respect of gender or ethnicity which might impact our search for the best person for every job. We have broadened our range of advertising platforms to reach a wider pool of candidates with our recruitment process and ensure our adverts use inclusive language. The board does not, however, consider that diversity can be best achieved by establishing specific quotas and targets.

Diversity continued
As at the end of the financial period:
Gender

	2023			2022		
	Female	**Male**	**Total**	Female	Male	Total
The board (number of employees)	**2**	**4**	**6**	3	2	5
Senior management (FTE)	**2**	**8**	**10**	-	8	8
Total workforce (FTE)	**622**	**2,078**	**2,700**	611	2,032	2,643

Ethnicity

	2023		
	White	**Ethnic minority**	**Total**
The board (number of employees)	**5**	**1**	**6**
Senior management (FTE)	**10**	**-**	**10**

As a result of recent changes to the board, there are currently two women on our board, with an overall gender diversity level of 33%, below the 40% set out in the Listing Rules. In 2021/22, 60% of our board members were women. However, following Sally Matthews's decision to step down from the board in November 2021, and more recently the retirement of Elaine O'Donnell in December 2022, the overall board gender diversity has dropped to 33%. All appointments to the board are made on an objective and shared understanding of merit and in line with required competencies and personal qualities relevant to the job.

Disability
The Group's policy is to consider, for recruitment, disabled people for those vacancies that they are able to fill. All reasonable adjustments will be made for disabled workers, and all necessary assistance with training is provided. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Health, safety and wellbeing
Protecting the health and safety of all our employees is fundamental to how we do business. With this in mind, we have continued to focus on our key principles of leadership, managerial ownership and staff engagement.

Last year we launched our updated health and safety policy, which, whilst an evolution of our existing policy, reinforced our key health and safety principles of leadership, managerial ownership and staff involvement. This year we ensured the policy was fully integrated across the business and were pleased to see progress reflected in a reduction of recordable incidents. During the period, there were three injuries reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 in the UK (2022: two), three cases reported to the US Occupational Safety and Health Administration (2022: six) and six cases under other national legislation (2022: ten). Under certain European regulations, we are required to report incidents occurring to staff on their commute to and from work - excluding these, the numbers under other national legislation would be two cases for the current period (2022: eight).

Regular and routine safety tours by senior management, including the CEO, help to ensure that the subject continues to maintain the high profile we believe it deserves, and furthers the staff engagement which is the bedrock of our health and safety system. This engagement, together with continued roll-outs of our in-house, IOSH accredited, 'Working Safely' training at our UK sites, and the 'OSHA 10' programme in the US, ensures we have staff who not only want to do the right thing, but also know what to do and when to do it.

Alongside the safety of our staff; their wellbeing and physical and mental welfare continues to be a priority. We are committed to creating a culture where talking about physical and mental health is commonplace. We aren't there yet, but we will continue to work to fully embed a culture that is open and honest about mental health, working with our colleagues to understand their needs and build upon our strong foundations.

We also recognise that there will be times in everyone's lives, whether related to work or not, where they need additional support - in these situations we want our people to receive the help they require wherever they are, whatever they're doing and whenever they need it. Our global employee assistance programme provider helps us to do this more effectively. Amongst other things, access in local language through a mobile app improves accessibility for all employees, allowing our people to use this service whenever and wherever they may need it.

Customers
Product safety
Our product safety and integrity team work closely with our design, manufacturing and sourcing teams to ensure that all products sold by Games Workshop are developed, produced and purchased with safety in mind, so that they are safe for use by the intended customer. The safety of our staff and customers is an absolute priority.

To ensure the quality and safety of our products, we have standard operating procedures in place which ensure high levels of product quality and assurance. These policies are regularly reviewed and updated to ensure compliance with regulations and the high standards we set ourselves. This year we have continued to update and revise our testing processes, focusing on identifying and eliminating any potential issues as early as possible during the product development and production process.

We had no product recalls during the period.

DIRECTORS' REPORT continued

Customers continued

Health and safety

Our stores are where many of our customers first come to learn about the Warhammer hobby, or chat with fellow hobbyists - it is essential that they are safe places to visit. Our store managers know that the health and safety of their customers is paramount and follow a routine audit programme throughout the year to ensure that our stores continue to meet the high safety standards we set for ourselves. We have monitored local guidance throughout the last year to ensure we remain up to date with these requirements.

Suppliers

Ethical sourcing

We are committed to implementing effective controls to ensure good ethical sourcing standards throughout our supply chain. This commitment is driven by the board throughout the entire Group and a commitment is expected of all who work for, or who supply, Games Workshop. We continue to be a member of the ICTI Ethical Toy Program (ICTI ETP), an ethical sourcing programme which we use to evaluate our suppliers' ability to safeguard the rights and wellbeing of workers. The programme covers workplace safety, wage payments, working hours, underage labour, freedom of association and the right to collective bargaining, non-discrimination, disciplinary practices, forced labour and environment and chemical safety.

All suppliers of (i) products for resale by Games Workshop, and (ii) components and materials used within products being sold by Games Workshop are required to become supplier members of this ethical sourcing programme and to be audited and maintain valid certification in order to receive orders from Games Workshop. Our suppliers are subject to an annual audit programme to make sure that ethical sourcing standards throughout the Games Workshop supply chain are maintained. Our suppliers are also subject to our supplier code, which sets out minimum expected supplier standards.

Anti-slavery

Modern slavery is a crime and a violation of fundamental human rights. Allowing it to take place within an organisation, either consciously or through complacency, results in extensive and unnecessary suffering - often in a way that disproportionately affects groups of the most disadvantaged people. We are committed to acting ethically to implement and enforce effective systems and controls to ensure modern slavery is not taking place within our operations or supply chains. This commitment is driven by the CEO and the board throughout the entire Group and a commitment is expected of all who work for, or who supply into, Games Workshop.

Our modern slavery statement is available on our investor relations website. Further details of how we engage with suppliers can be found in our corporate governance report on page 31. The effect of this is detailed in our section 172 statement on page 14.

Donations

Games Workshop does not make any donations to charities or political parties. In 2021/22 we introduced an allowance for all employees to use two working days of their time to do work for their chosen charities. We are pleased to see that this year there has been an uptake of this allowance.

Research and development

The Group does not undertake research activities. Development activities relate to the development of new product lines and animation. The charge to the income statement for the period in respect of development activities is detailed in note 9 to the financial statements.

Future developments

The future developments for the Group are discussed in the strategic report on pages 3 to 15.

Financial risks

The financial risks facing the Group are set out in note 23 to these financial statements.

Going concern and viability statement

Assessment of prospects

The Group operates a strategic planning process which includes monthly reviews of business and financial performance, regular financial projections and an annual planning review for the next financial period. Medium term projections (for periods ending two years and three years hence) are reviewed taking into account known strategy changes in that time frame. The three year plan considers the Group's growth potential, cash flows and key financial ratios. This strategic planning process is managed centrally, led by the chief financial officer.

Going concern and viability statement continued

Assessment of viability

The strategic plan reflects the directors' cautious view of possible outcomes. It is not used to set targets for performance. The directors have considered a base case going concern model, a continuation of our current operations in line with budgeted growth, and then modelled the scenarios set out below. Under these scenarios no additional funding is required and there would be no breach of banking covenants as we currently have no funding facilities in place:

- Damage/disruption to our Memphis warehouse meaning we were unable to dispatch from the warehouse for a prolonged period. This would result in disruption to sales across North America.
- Loss of main production factories at the head office site, in Nottingham, to a major incident resulting in a loss of premises, machinery and tooling, impacting our ability to produce miniatures.
- A significant global disruption such as a pandemic, which would result in closure of warehousing and stores for two months impacting sales in all channels.

The viability assessment has been conducted for a period of three years which is in line with the Group's strategic planning period as discussed above. The board believes that this time frame is the most appropriate as it is difficult to make meaningful projections beyond three years. This assessment of viability has been made with reference to the Group's current position and future prospects, its strategy and its operational risks and the mitigation in place to manage them. In making the viability assessment the operational risks (see page 15) facing the business have been considered and a number of severe but plausible scenarios assessed for the impact of these on the medium-term projections. The principal risks disclosed on page 14 and 15 are not considered to have a material impact on viability. The scenarios tested include those tested as part of our going concern review. Stress testing has been performed on the cash projections to determine the extent to which sales can decline before the Group's cash reserves become depleted to the point additional funding and cost reductions would be needed. The results of this showed that the Group would need to increase the cost of all materials, production and overheads while decreasing sales (compared to the base case) to such an extent that it is not considered to be a plausible scenario.

Viability statement

Based on the board's assessment as described above and the Group's strong balance sheet, the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period ending 1 June 2026.

Going concern

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

On behalf of the board

Ross Matthews
Company secretary
24 July 2023

CORPORATE GOVERNANCE REPORT

An introduction from our non-executive chair
I am pleased to introduce the corporate governance report where we set out our approach to governance and how the board and its committees operate.

The board believes that Games Workshop's unique culture and values drive its performance, so we have a responsibility not to disrupt these important elements of the Group's success.

We always intend to comply with legislation and will comply or explain our position with regard to the UK Corporate Governance Code. Put another way, we will obey the law and consider our position with regard to best practice, complying in nearly all cases but being willing to defend a position that we feel is better for us and in line with our Group's culture and values.

We spend time as a board establishing and reviewing our position on ESG and governance principles making what we hope are good, nuanced judgements that balance the expectations of our stakeholders and what we believe is fundamental to our culture, values and principles. We believe it acceptable to take time to consider the potential for unintended consequences of initiatives before declaring our commitment to a position and we are instinctively reluctant to say we will deliver until we are certain that we can.

We have a small board with two executive directors, a non-executive chair and three further independent non-executive directors. These six people have a balance of attitudes, knowledge and backgrounds to enable each director and the board as a whole to discharge their duties effectively.

We conduct a board effectiveness review annually, which is externally facilitated every third year. Last year, we employed a third party to conduct an external review. This year, we have conducted an internal review, which confirmed that we consider ourselves to be an effective board.

Quarterly departmental engagement sessions are ongoing and deliver on the dual aims of senior managers communicating strategic and operational messages to their teams and the creation of an opportunity for all staff around the globe to ask questions and engage in discussion.

Engagement with shareholders continues to be led by Kevin and Rachel, our CEO and CFO, with other members of the board being available on request. I will continue to act as the designated non-executive director for staff engagement, providing a conduit for the voice of our staff to be considered during board meetings.

I am satisfied with the standards of governance that the board continues to maintain and build upon. The Code has been adopted as required and the Company has complied with the Code save for the matters identified on page 32. All our directors will be seeking reappointment at the AGM in September 2023.

John Brewis
Non-executive chair

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

This statement, together with the remuneration report on pages 36 to 46, and further statements as referenced below, explains how the Company has applied the principles and complied with the provisions set out in the Code.

Reporting requirement	Where this is referenced in this annual report	
Assessment of value over the long-term	Strategy and objectives	Page 3
Understanding the views of other key stakeholders, as set out in section 172	Section 172 statement	Page 14
Provision of means for the workforce to raise concerns in confidence	Whistleblowing	Page 35
Details of meetings of the audit and risk committee	Significant issues considered by the audit and risk committee	Page 33
Assessment of principal risks	Risks and uncertainties	Page 14
Monitoring of risk management and internal control	Internal control Risk management	Page 34 Page 34
Statement of going concern Assessment of the prospects of the Group	Going concern and viability statement	Pages 26 and 27

The board operates through monthly meetings which senior executives attend on a regular basis. The board is responsible for leading and controlling the Group and monitoring executive management. It considers all issues relating to strategy, management and future direction of the Company. The board is also responsible for assessing and monitoring culture within the Group. During the year, John Brewis continued to act as the designated non-executive director responsible for staff engagement. This is achieved through regular involvement of the non executive directors with a variety of employees across the Group and attendance at the quarterly staff departmental meetings. The board has a schedule of matters reserved to it for decision that is regularly updated; these include decisions on the Group's strategy, financial plans, major capital expenditure and dividend policy. The board is updated about operational decisions through the monthly meetings. It meets at least nine times a year. In 2022/23 the board had 10 scheduled meetings, each of which was attended by all members of the board with the exception of Randal Casson and Kate Marsh who both attended nine meetings. Mark Lam was appointed on 11 April 2023 and attended two meetings. Terms of reference for the board committees (as set out below) are available on the Company's website.

The Company maintains an appropriate level of director and officer liability insurance cover and has agreed to indemnify the directors against certain liabilities as discussed in the directors' report on page 16.

A review of the performance of the Group's main business activities is included in the strategic review. The board presents this review, together with the directors' report on pages 16 to 27, to give a fair, balanced and understandable assessment of the Group's position and prospects.

The board

The board comprises the non-executive chair, the CEO, the CFO, and three further non-executive directors. It is chaired by John Brewis. The biographies and prior experience of board members are set out on pages 16 and 17.

The non-executive directors have a breadth of successful commercial and professional experience and are considered by the board to be independent of the Group.

Elaine O'Donnell stepped down from the board on 31 December 2022 - as she had served on the board for nine years (at 29 November 2022), two as chair. To facilitate an effective succession of the new chair, we extended her term to the 31 December 2022. Randal Casson joined the board 1 July 2022 as a non-executive director and chair of the audit and risk committee and Mark Lam joined the board as non-executive director on 11 April 2023 and has since been appointed as senior independent director.

All of the directors bring an independent judgement to bear on issues of strategy, performance, resources (including key appointments) and standards of conduct. Both John Brewis and Elaine O'Donnell, as chair, were independent on being appointed to the board. The board considers that it has been supplied with sufficient timely and accurate information to enable it to discharge its duties.

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

Board evaluation

In 2021/22 the board undertook an externally facilitated review of its performance, in addition to the board's already established process for the ongoing assessment of its own performance and that of its committees. This year, we conducted an internal board effectiveness review, involving all the Company's directors together with the company secretary.

The board concluded it was effective and considered that progress had been made by completing actions identified in the previous external review. In 2023/24 we will develop the use of the Company's investor relations website to provide additional visibility for some of our judgements and explanation of the work we are doing on ESG and governance.

The next externally facilitated review will take place in 2024/25.

Board committees

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

CORPORATE GOVERNANCE REPORT continued

Audit and risk committee
The audit and risk committee currently comprises the non-executive directors and is chaired by Randal Casson who has significant relevant financial and accounting knowledge and experience. Between Sally Matthews standing down in November 2021 and June 2022, Elaine O'Donnell was both a member and interim chair of this committee. She ceased to be a member following the appointment of Randal Casson as committee chair on 1 July 2022. The audit and risk committee's terms of reference include monitoring the integrity of the financial statements and other announcements relating to the Company's financial performance including reviewing significant financial reporting judgements, internal control and risk assessment and keeping under review the scope, results and effectiveness of the external and internal audits and the independence of the Company's external auditor.

Audit and risk committee report
A more detailed description of the activities of the audit and risk committee and the internal control and risk management systems that are in place are discussed in the audit and risk committee report on pages 33 to 35.

Remuneration committee
The remuneration committee comprises the non-executive directors and chair of the board and is chaired by Kate Marsh. Elaine O'Donnell was a member of this committee from November 2021 until the appointment of Randal Casson in July 2022. The remuneration committee normally meets at least three times a year and is responsible for making recommendations to the board on remuneration policy for all executive directors and senior management (including determining specific remuneration packages, terms of employment and variable pay performance incentive arrangements). The procedures and guidelines used by the remuneration committee in determining remuneration are outlined in the separate remuneration report. The remuneration committee held four scheduled meetings in the year, which were attended by all members of the committee. Executive directors attend by invitation and the committee meets without the executive directors at least annually to appraise the executive directors' performance.

Remuneration report
The Company's policy on executive remuneration and details of the executive directors' salaries, profit share and pensions, and fees for the non-executive directors are set out in the board report on remuneration on pages 36 to 46.

Nomination committee
The nomination committee comprises the non-executive directors and was chaired by Elaine O'Donnell until 31 December 2022, then by John Brewis. It is responsible for nominating, for approval by the board, candidates for appointment to the board. The committee regularly reviews the structure, size and composition (including the skills, knowledge, experience and diversity) of the board and gives consideration to succession planning for directors and other senior executives, taking into account the challenges and opportunities facing the Group and the skills and expertise needed on the board in the future.

As CEO, Kevin Rountree was invited to attend a meeting of the committee and present his current senior management team structure and to discuss succession planning. Succession planning for the executives and the senior management team will always be a key business risk and the committee has committed to reviewing progress on this going forward. The committee held four scheduled meetings in the year which were attended by all members of the committee. Kevin also meets John monthly and succession planning is an ongoing topic.

Appointments to the board
After announcing that Elaine O'Donnell was stepping down from the board in December 2022, after completing nine years with two years as chair, the nomination committee ran a process to appoint a new non-executive chair as well as a process to find a new non-executive director. Finding the right people has always been one of our biggest challenges, including for our board. We take our time to ensure that we run a process free from any bias and we hold our resolve to never compromise our high standards of cultural fit when assessing potential candidates. Sometimes this means that the recruitment process can become quite elongated - but we believe that it is always better to do what is right than what is easy. After an extensive search process, including external search and open advertising, John Brewis was appointed as non-executive chair on 1 January 2023. A further recruitment process resulted in Mark Lam joining the board as a non-executive director on 11 April 2023. Mark was confirmed as senior independent director in May 2023. Kate Marsh was appointed chair of the remuneration committee on 11 April 2023.

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

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

Stakeholder engagement
The Company understands the importance of engaging with our stakeholders. The board seeks to understand the views and interests of the stakeholder groups detailed below to ensure that these are always considered as part of any decision making.

Shareholders
We maintain an open dialogue with our shareholders. On a continuing basis the Company encourages two-way communication with its institutional and private shareholders and responds promptly to queries received verbally, in writing or directly through its investor relations website, investor.games-workshop.com or through brokers. In addition to the annual report and half yearly report, the non-executive chair, committee chairs and the CEO and CFO are available to meet and do meet with shareholders and potential shareholders to discuss any questions they may have and ensure that the board has a clear understanding of the views of shareholders. Any issues arising at such meetings are reported to and considered by the board. In 2022/23 matters discussed were in relation to performance of the Group throughout the year. We try to ensure our shareholders have a good understanding of our strategy, business model and culture.

Our people
We rely on the hard work and creativity of our employees to make sure we drive the creation of value in the long term. We engage with our employees through formal and informal meetings, and through the quarterly departmental meetings as well as the monthly staff global newsletters. Throughout the year, members of the board have attended the quarterly briefing meetings to help increase board engagement and visibility with employees. John Brewis continued his role as designated non-executive director for staff engagement. He continues to undertake this role since becoming chair. John has many years of experience of workforce engagement in a manufacturing environment and has, over the past year, engaged with staff by reviewing a staff survey, attending briefings, visiting factories, warehouses, retail stores and sales offices in both the UK and North America.

Customers
We engage with our customers through our retail stores, our social media sites, and through warhammer-community.com. This allows two-way communication with our customers. Any recurring topics or points of note are shared with and considered by the board. Senior management also visit retail stores as well as independent retailers to help understand customer views.

Suppliers
The integrity of our supply chain is an essential part of ensuring we design and make great products. Although as a vertically integrated group we are in control of large parts of the design and manufacturing process, it is important that our suppliers share the same standards and ethics as we do. As discussed on page 26, we are committed to implementing effective controls to ensure good ethical sourcing standards throughout our supply chain. We have strong partnerships with our key suppliers that have been built up over a number of years to ensure we get the best materials through a stable, reliable and responsible supply chain.

Culture
Companies are run by people. Games Workshop is run by people. How our people get on with the task of running Games Workshop and how they get on with one another is vital.

How we behave does matter. Therefore, what we are like does matter.

This is why we make such efforts to recruit people who are likely to have the right qualities to be successful at their job. Everything we do is for the good of Games Workshop, and thereby our customers and colleagues and shareholders. No one's personality is bigger than that; none of us is more important than this ultimate goal. This is a huge challenge and it requires lots of humility, honesty and courage. That is, humility in recognising we must put Games Workshop's needs first, honesty to identify truly those occasions when we are being driven by our ego or our selfishness, and courage to do something about it.

It is always better to work amongst nice people and to have fun. We love that too. However, the behaviours we are looking for are these – consistency, clarity, firmness, fairness, openness and integrity. What we ultimately mean by 'good behaviour' is evidenced by what we would expect to see:

- an absolute belief that it is better to do what is right rather than what is easy;
- a determination to be cheerful and confident and passionate about this, the best of all jobs;
- an ego-free environment - this leads to people who put the business first and don't have private agendas, people who welcome newcomers that bring the skills we need, people who can criticise themselves and our business but are justly proud of their own and our business's achievements; and
- an absolute commitment to the niche market business model and the quality of our products and services.

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

Substantial shareholdings
The following interests in 3% or more of the issued share capital of the Company as at 28 May 2023 have been disclosed to the Company: The Company has not been notified of any changes in these interests since the period end. The Company has not been notified of any other substantial shareholdings.

	No. of shares	%
Baillie Gifford	4,196,784	12.8
BlackRock	2,225,114	6.8
Schroder Investment Management	1,646,014	5.0
Vanguard Group	1,547,368	4.7
abrdn	1,354,641	4.1
Capital Group	1,037,079	3.1

Statement of compliance with the UK Corporate Governance Code
The Company has complied with all of the provisions set out in the Code, with the exception of the following:

- Provision 24 - the period to June 2022 during which Elaine O'Donnell acted as both chair of the board and as interim chair and a member of the audit and risk committee as detailed on page 30.
- Provision 19 - the 33 days Elaine O'Donnell served beyond nine years from her date of first appointment as detailed on page 29.

On behalf of the board

John Brewis
Non-executive chair
24 July 2023

AUDIT AND RISK COMMITTEE REPORT

The report details the role of the audit and risk committee and the work it has undertaken during the year as well as its meeting in July 2023 when this annual report and financial statements were approved.

Committee membership

The audit and risk committee currently comprises the three non-executive directors and is chaired by Randal Casson. In the period between November 2021 and 1 July 2022 Elaine O'Donnell, chair of the board, served as interim chair of the audit and risk committee. She ceased to be a member of the committee on the appointment of Randal Casson on 1 July 2022. The board considers that as serving chairs during the year up to publication of this annual report, each of Randal Casson and Elaine O'Donnell have recent relevant financial experience by virtue of their professional qualifications and their previous executive roles. Members of the committee can also demonstrate a breadth of experience across the manufacturing, IT and media sectors through their current and previous roles.

Significant issues considered by the audit and risk committee

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

- reviewed the half year and full year results;
- received and considered, as part of the review of the annual financial statements, reports from the external auditor in respect of the auditor's Group audit plan for the year and the results of the annual audit. These reports included the scope of the annual audit, the approach adopted by the auditor to address and conclude upon key estimates and other key audit areas, the basis on which the auditor assesses materiality, the terms of engagement for the auditor and an ongoing assessment of the impact of future accounting developments on the Group;
- considered whether the annual report is fair, balanced and understandable. In doing so, the committee reviewed and discussed with management the content and appropriateness of the information included within the 2023 annual report. This provided the committee with the supporting detail to ensure that it was in a position to report to the board that the 2023 annual report, taken as a whole, was fair, balanced and understandable. This was on the basis that the business description, business model and strategy agreed with its own understanding of the Group, and the balance in the reporting of performance reflected both positive and negative issues and reflected the Group's activities during the year;
- considered the effectiveness and independence of the external auditor. The auditor specifically demonstrated professional scepticism and challenged management assumptions;
- made a recommendation to the board to re-appoint KPMG as external auditor;
- reviewed and challenged the level of the 2022/23 audit fee proposed by the auditor;
- reviewed the Company's policy on non-audit fees and ensured appropriate safeguards are in place;
- considered and agreed the internal audit work programme and received regular reports on the key issues arising from its implementation during the year; and
- reviewed reports on the key business risks, including a review of the internal control processes used to identify, monitor and mitigate the principal and emerging risks and uncertainties.

The committee received, reviewed and challenged reports from management and the external auditor setting out the key areas in relation to the 2023 annual report and made their own assessment. These issues were discussed and challenged with management during the year. They were also discussed with the auditor at the time the committee reviewed and agreed the auditor's Group audit plan and at the conclusion of the audit of the financial statements. The areas that were discussed were:

- ESG and climate risk disclosures.

The committee formally meets at least three times a year with the executive directors and internal auditor. The external auditors are invited to join twice a year. The external and internal auditors are given the opportunity to raise any matters or concerns they may have in the absence of the executive directors at separate meetings with the audit and risk committee or its chair.

During the period, KPMG's audit of the 2022 annual report and accounts was reviewed by the FRC's Audit Quality Review team as to the quality of communication with the audit committee and certain matters relating to planning, completion, ethics and quality control. The scope of their inspection also covered core revenue recognition, inventories, cash and cash equivalents, journal entry testing and first-year audit procedures. We discussed the inspection report with the audit partner and note that actions to address the findings were incorporated into the audit of the 2023 annual report.

AUDIT AND RISK COMMITTEE REPORT continued

Auditor's independence
The committee reviews the independence of the external auditor by assessing the arrangements for the day-to-day management of the audit relationship as well as reviewing the auditor's report which describes their procedures for identifying and reporting conflicts of interest. To maintain the auditor's independence, the committee has also established the policy that the primary role of the external auditor is to perform services directly related to their audit responsibilities. Any non-audit services would have to be approved by the committee. Non-audit fees paid to the auditor amounted to £nil in the period. The Group uses other advisers for taxation advice and other services. The audit fees are disclosed in note 9.

The audit and risk committee considers the re-appointment of the external auditor each year, as well as remuneration and other terms of engagement. In 2020/21, the committee ran a comprehensive and competitive audit tender process. The decision to appoint KPMG as the new auditor to the Group was ratified at the 2021 and 2022 AGMs. The committee now recommends the re-appointment of KPMG as external auditor at the 2023 AGM. There are currently no contractual obligations which restrict the choice of external auditor.

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

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

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

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

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

Internal audit
The internal audit team follows a programme of activities that are closely aligned with principal operational risks. Activities are conducted either by a dedicated internal auditor, an internal team that is independent of the area under review or by an external party, decided on a case by case basis. In all cases the review is conducted on behalf of the committee and reports back to them. Reports were discussed with the committee and a remediation plan agreed by management to improve controls where appropriate. Over the year, nine internal audit reviews were completed. The committee can confirm that the quality, experience and expertise of the function is appropriate.

Risk management
The committee is responsible for assessing the scope and effectiveness of the systems established by management to identify, assess, manage and monitor financial and non-financial risks. A description of the principal risks and the strategies to manage these risks is included on page 14.

Throughout 2022/23 work has been ongoing to measure the impact of each operational risk to better understand the mitigating actions necessary alongside progress made on each of these actions. The committee is satisfied that good progress has been made on the development of the risk register throughout the year. In addition, there has been good progress made on the documentation of controls and testing of the key operational risks within the internal audit programme in the year. The committee expects that this programme will continue to evolve further throughout 2023/24.

Process for preparing consolidated financial statements
The Group has established internal control and risk management systems in relation to the process for preparing the consolidated financial statements. The key features of these systems are:

- Management regularly monitors and considers developments in accounting standards and best practice in financial reporting and reflects developments in the financial statements where appropriate. The external auditor also keeps the committee apprised of these developments.
- The committee and the board review the draft financial statements. The committee receives reports from management and the external auditor on significant judgements, changes in accounting policies, changes in accounting estimates and any other appropriate changes to the financial statements.

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

Suppliers are also required to follow an ethical sourcing audit programme, detailed on page 26, of which Games Workshop is a buyer member.

Whistleblowing
The board is responsible for the review of the Company's procedures for responding to the allegations of whistleblowers alongside input from the audit and risk committee. Whistleblowing arrangements are in place to enable staff who may, in confidence, want to raise concerns about possible financial reporting irregularities amongst other concerns. If an employee does not feel comfortable reporting any potential, suspected, attempted or actual breaches of company policy, they can report such activity to Games Workshop's chair of the audit and risk committee using a dedicated whistleblowing email address. Staff can report any concerns via an online portal without disclosing their identity should they wish to. This whistleblowing procedure is communicated to staff within relevant employee policies. Games Workshop endeavours to protect those who make disclosures of wrongdoing. Any reports made in good faith will be dealt with in confidence (to the extent possible), and the reporting employee shall not be discriminated against as a result of their actions.

On behalf of the board

Randal Casson

Randal Casson
Audit and risk committee chair
24 July 2023

REMUNERATION REPORT

Introduction
The remuneration report for the period ended 28 May 2023 has been prepared on behalf of the board by the remuneration committee in accordance with the requirements of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended, and meets the relevant requirements of the Listing Rules of the Financial Conduct Authority and the UK Corporate Governance Code.

This remuneration report consists of two parts:

- The annual report on remuneration, which sets out payments made to executive directors and non-executive directors and details the relationship between company performance and remuneration for the 2022/23 financial period and the activities of the remuneration committee. This 2022/23 report is subject to an advisory vote at the 2023 AGM.
- The directors' remuneration policy, which sets out the Company's policy on directors' remuneration which was approved by over 80% of shareholders who submitted a proxy vote at the 2021 AGM, at which date it became effective and continues to be extant.

Review of the period
Company performance
2022/23 core sales of £445.4 million (2021/22: £386.8 million) was another record sales performance, with growth of 15%, delivering record profit before tax of £170.6 million (2021/22 £156.5 million). Earnings per share has also reached over £4 for the first time in our history. This performance was delivered despite external inflationary cost pressures and is the result of the effort and skill of the dedicated team at Games Workshop.

Shareholder dividends declared were also at record levels in 2022/23 rising to 415 pence per share from 235 pence per share in the prior period.

Group-wide remuneration
A pay increase was applied on 1 June 2022 which averaged 3% across all staff, except for the two executive directors. Going forward into 2023/24, a 5% increase has been agreed by the committee for the wider workforce (except for the two executive directors) taking effect from 1 June 2023 and the Group again reaffirmed its commitment to paying the UK national living wage (increasing to £11 per hour) which took effect from April 2023.

Senior management bonus
As a result of discussions between Kevin Rountree and the committee, the committee agreed to support a discretionary bonus payable in cash, to a number of individual managers who contributed to the Company's outstanding performance. The committee was pleased to support this proposal in recognition of the effort and skill required to deliver the above record results.

Group Profit Share Scheme
Under the remuneration policy approved at the 2021 AGM, all eligible employees (excluding the executive directors) are included within the Group Profit Share Scheme. Cash payments were made to eligible staff in December 2022 and May 2023 under the Group Profit Share Scheme. For 2022/23 each eligible employee received a total of £4,000 (2022: £3,500) – in total £11.6 million (2022: £9.9 million).

Exceptional Bonus Award
In 2021, in consultation with shareholders, the committee undertook to articulate exceptional performance and to appropriately exercise its discretion in making any Exceptional Bonus Award in future years. This remains true in the 2022/23 financial period.

When considering the potential payment of an exceptional bonus, the committee applies discretion to a suite of financial indicators including growth, margin, Group profit, earnings per share, cash generation and dividend payments made. If performance against this basket of criteria is exceptional, the Group will have generated sufficient profit and cash to have paid dividends to shareholders and appropriate cash payments to all staff under the Group Profit Share Scheme.

For the financial and operational performance reasons outlined above, particularly the continued growth in core sales from £386.8 million in 2021/22 to £445.4 million in 2022/23 and growth in profit before taxation from £156.5 million in 2021/22 to £170.6 million in 2022/23, combined with the delivery of record levels of dividend payments and the award of the Group Profit Share, the committee agreed that the threshold for proven, exceptional performance has been reached in 2022/23. The committee applied discretion and deemed it appropriate to award each of the executive directors an Exceptional Bonus Award of 100% of base salary of the 150% maximum allowed under the shareholder approved policy. Each executive director must purchase Company shares with 67% of such cash bonus after any tax settlement. The bonus for 2022/23 will be paid in July 2023.

The remuneration committee notes that the current remuneration policy cannot fully address the shortfall in total compensation for executive directors compared to the majority of FTSE 250 peers because neither the committee nor the executives themselves believe that LTIPs are in line with Games Workshop's culture and values.

The remuneration committee retains its discretion to assess 'exceptional' going forward and reaffirms its promise to exercise its discretion appropriately and to explain the circumstances where an Exceptional Bonus Award is paid, outlining the criteria - as above.

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

The committee will continue to engage key stakeholders in order to consider any modifications which should be made beyond the 2020/21 *changes to executive base pay or the operation of the Group Profit Share Scheme and the Exceptional Bonus Award described within this* report, which we submit to shareholders for an advisory vote at the 2023 AGM.

Kate Marsh
Remuneration committee chair
24 July 2023

Annual report on remuneration
Remuneration policy
This part of the report sets out the directors' remuneration policy, which was approved by shareholders at the 2021 AGM and has remained unchanged during 2022/23.

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

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

Under our terms of reference, the remuneration committee is able to employ remuneration consultants to provide reference and advice, which is subject to independent evaluation by the committee. During 2022/23, no remuneration consultants were employed to review executive rewards.

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

Remuneration policy table
The table below summarises each of the components of the remuneration package for directors of the Company which comprise the policy approved at the 2021 AGM. The committee may make minor changes to the policy, which do not have a material advantage to the directors, to aid its operation or implementation, taking account of the interests of shareholders but without the need to seek shareholder approval.

Component	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Salary	Core element of fixed remuneration, reflecting the size and scope of the role. Purpose is to recruit and retain directors of the calibre required for the business.	Reviewed annually and usually fixed for 12 months from 1 June. There is no entitlement to an annual increase. Takes into consideration the director's role and attitudes. Takes into account prevailing market conditions and is aligned with staff pay reviews. Externally benchmarked by independent remuneration consultants from time to time against companies of a similar size and complexity.	There is no prescribed maximum annual increase in salary. Salaries are reviewed taking into consideration salary increases across the Group. Increases out of line with the workforce are carefully considered but may be awarded taking all relevant factors into account, for example, increases in scope and responsibility or salary falling significantly below market positioning.	Not applicable, although the individual's contribution and overall performance is one of the considerations in determining the level of any salary increase.

REMUNERATION REPORT continued

Remuneration policy table continued

Component	Purpose and link to strategy	Operation	Maximum potential value	Performance metrics
Benefits	Ensures the overall package is competitive. Purpose is to recruit and retain directors of the calibre required for the business. Participation in the sharesave scheme creates staff alignment with the Group and promotes a sense of ownership.	The executive directors each receive life assurance cover. The sharesave scheme is a HMRC approved monthly savings scheme facilitating the purchase of shares at a discount. Where appropriate other benefits may be offered including allowances for relocation and other expatriate benefits.	Set at a level which the committee considers appropriate against the market and provides a sufficient level of benefit based on individual circumstances. *Sharesave contributions are as permitted in accordance with the relevant tax legislation.*	Not applicable.
Pension	To provide cost effective retirement benefits.	Participation in a group personal pension scheme.	Up to 8.5%[1] of salary up to a maximum of £10,000 per annum. Subject to changes in pension tapering by HMRC, any excess between up to 8.5% of salary and £10,000 is paid as additional salary (net of employers' national insurance).	Not applicable.
Exceptional Bonus Award	Rewards exceptional performance.	Any pay-out is determined by the committee after the period end, based on performance. Awards are payable in cash with 67% of the net amount required to be invested in the Company's shares, with an expectation that these are held for at least three years.	Maximum potential value is 150% of base salary.	The payment is at the discretion of the committee based on exceptional financial and operational performance being achieved during the year.
Non-executive directors' fees	Sole element of non-executive director remuneration is set at a level that reflects market conditions.	Fees are reviewed annually taking into account time commitment, responsibilities and fees paid by comparable companies. Additional fees are paid to the chair of the relevant board committees to reflect additional responsibilities. Non-executive directors are entitled to claim reasonable out of pocket expenses in connection with the performance of their duties.	Fees are based on the level of fees paid to non-executive directors serving on boards of listed companies of a similar size and complexity.	Not applicable.

[1] During the period, Rachel Tongue passed a service anniversary which entitles her to receive an increased pension contribution of 8.5% of salary (up from 7.5%). This service criteria applies to all employees in the UK pension scheme.

Changes to the remuneration policy

As described in the first section of this remuneration report, under the policy approved at the 2021 AGM, no changes have been implemented during the period.

Explanation of the performance metrics chosen

The performance measures selected are aligned with the Company's strategy and business objectives. The remuneration committee considers a basket of financial measures when applying discretion to any payments under the terms of this policy.

Illustration of application of the policy

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

Kevin Rountree

Rachel Tongue

	Minimum	In line with expectations	Maximum
Fixed pay	Fixed elements of salary, benefits and pension. Salary is *at 28 May 2023 and the value of benefits is equivalent* to that included in the single figure remuneration table on page 41.	As per minimum	As per minimum
Exceptional Bonus Award	Nil	Nil	150%

Remuneration committees

The remuneration committee is appointed by the board and comprises Kate Marsh (chair), John Brewis, Randal Casson and Mark Lam. The remuneration committee is responsible for setting the remuneration packages of the executive directors as well as approving their service contracts. The terms of reference for the committee is available on the Company's investor relations website.

Differences in policy from the wider employee population

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

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

As is common practice, the Company has introduced elements of variable pay through an Exceptional Bonus Award which is focused on the executive directors to ensure that the overall remuneration policy remains market competitive.

Remuneration policy for new directors

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

Non-executive director fees will be set at a competitive market level, reflecting the skills, knowledge, experience, responsibilities and time commitment required. An additional fee will be added for additional responsibility of chairing a board committee or undertaking the role of senior independent director.

REMUNERATION REPORT continued

Directors' service contracts and letters of appointment

Executive	Date of contract	Unexpired term of contract	Notice period
Kevin Rountree	25 February 2009	Rolling contract	12 months
Rachel Tongue	25 March 2015	Rolling contract	12 months

Non-executive	Date of appointment	Date of last re-election at an AGM	Notice period
Elaine O'Donnell[1]	28 November 2013	21 September 2022	6 months
John Brewis	20 June 2018	21 September 2022	6 months
Kate Marsh	24 July 2019	21 September 2022	6 months
Randal Casson	1 July 2022	21 September 2022	6 months
Mark Lam	11 April 2023	-	6 months

[1] Elaine O'Donnell stepped down on 31 December 2022

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

Policy on payment for loss of office

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

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

External appointments

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

Consideration of employment conditions elsewhere in the Group

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

The committee takes into account the general basic salary increase being offered to employees elsewhere in the Group when annually reviewing the salary increase and remuneration of the executive directors. Employees are not consulted in respect of board remuneration. The committee also reviews general workforce remuneration and the alignment of incentives with Games Workshop's culture to ensure it remains appropriate.

Consideration of shareholder views

The committee takes into account shareholder feedback received on remuneration matters, including comments in relation to the resolutions at the AGM in addition to any additional comments in correspondence received directly by the Company. The committee would seek to engage directly with major shareholders should any material changes be made to the policy.

Annual report on remuneration (subject to audit)

The tables below set out in a single figure the total remuneration, including each element, for each person who served as a director of the Company during the financial periods ended 28 May 2023 and 29 May 2022.

52 weeks ended 28 May 2023

	Salary/fees £000	Pension related benefits £000	Total fixed pay £000	Exceptional Bonus Award £000	Total variable pay £000	**Total £000**
Kevin Rountree	715	5	720	675	675	**1,395**
Rachel Tongue	478	5	483	450	450	**933**
Elaine O'Donnell[1]	84	-	84	-	-	**84**
John Brewis	96	-	96	-	-	**96**
Kate Marsh	54	-	54	-	-	**54**
Randal Casson[2]	49	-	49	-	-	**49**
Mark Lam[3]	8	-	8	-	-	**8**
Total	1,483	10	1,493	1,125	1,125	**2,618**

[1] Elaine O'Donnell stepped down from the board on 31 December 2022
[2] Randal Casson was appointed to the board on 1 July 2022
[3] Mark Lam was appointed to the board on 11 April 2023

52 weeks ended 29 May 2022

	Salary/fees £000	Pension related benefits £000	Total fixed pay £000	Exceptional Bonus Award £000	Total variable pay £000	Total £000
Kevin Rountree	716	4	720	607	607	1,327
Rachel Tongue	476	4	480	405	405	885
Nick Donaldson[1]	-	-	-	-	-	-
Elaine O'Donnell	144	-	144	-	-	144
John Brewis	62	-	62	-	-	62
Kate Marsh	54	-	54	-	-	54
Sally Matthews[2]	53	-	53	-	-	53
Total	1,505	8	1,513	1,012	1,012	2,525

[1] Nick Donaldson retired from the board on 31 May 2021
[2] Sally Matthews stepped down from the board on 28 November 2021

The figures in the single figure tables above are derived as follows:
Salary/fees - the amount of salary/fees received in the period including any additional salary due in excess of the pension tapering limits.
Pension related benefits - the cash value of pension contributions received by the executive directors. This includes the Company's contribution into the group personal pension scheme.
Exceptional Bonus Award - 67% of the maximum potential award of 150% of salary was accrued in relation to performance in 2022/23 and 60% in relation to 2021/22.
No taxable benefits, payments for loss of office or sharesave option benefits were paid during 2022/23 and 2021/22.

CEO remuneration

Period	CEO	Total remuneration £000	% of maximum exceptional bonus award paid	% of maximum profit share paid[2]
2023	Kevin Rountree	1,395	67	n/a
2022	Kevin Rountree	1,327	60	n/a
2021	Kevin Rountree	1,272	100	50
2020	Kevin Rountree	667	20	100
2019	Kevin Rountree	1,077[1]	20	100
2018	Kevin Rountree	438	100	100
2017	Kevin Rountree	401	n/a	100
2016	Kevin Rountree	402	n/a	-
2015	Kevin Rountree	168	n/a	-
2015	Tom Kirby[3]	291	n/a	-
2014	Tom Kirby	511	n/a	-

[1] Remuneration to Kevin Rountree included Exceptional Bonus Awards for 2017/18 (£410,000) and 2018/19 (£105,000).
[2] Maximum profit share paid was between £250 and £1,000.
[3] Tom Kirby stepped down as CEO on 31 December 2014 and Kevin Rountree was appointed CEO with effect from 1 January 2015.

REMUNERATION REPORT continued

Percentage change in directors' remuneration

The table below shows how the percentage change in the directors' salary/fees in 2022/23 and earlier years compares with the percentage change in the average remuneration and Group Profit Share of all employees within the Group. The committee has selected the Group's entire staff population (excluding the directors) as these represent the most appropriate comparator.

		Executive directors		Non-executive directors					
	Wider workforce	Kevin Rountree	Rachel Tongue	Elaine O'Donnell[4]	John Brewis[5]	Kate Marsh[6]	Randal Casson[7]	Mark Lam[7]
Salary/fees								
2022/23	4.9%	0.0%[1]	0.0%[1]	0.0%	54.8%	0.0%	-	-
2021/22	4.1%	10.2%[2]	16.3%[2]	54.5%	11.7%	3.0%	-	-
2020/21	4.0%	17.7%	31.2%	62.0%	6.4%	16.9%	-	-
Bonus								
2022/23	6.8%	11.2%	11.1%	n/a	n/a	n/a	n/a	n/a
2021/22	-18.7%	-1.0%	4.4%	n/a	n/a	n/a	n/a	n/a
2020/21	78.2%	483.8%[3]	546.7%[3]	n/a	n/a	n/a	n/a	n/a
Group Profit Share/ discretionary payment								
2022/23	14.3%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2021/22	-30.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2020/21	400.0%	-50.0%	-50.0%	n/a	n/a	n/a	n/a	n/a

[1] The changes in the single figure table result from additional salary paid in respect of excess pension contributions as described on page 38. There is no change in Kevin Rountree and Rachel Tongue's base salaries in the period.
[2] The increase in salary percentage in both 2021/22 and 2020/21 is a result of a salary increase on 1 November 2020 following a benchmarking exercise.
[3] The growth in bonus in 2020/21 was driven by reaching the threshold for 'exceptional performance' in the period meaning 100% of the new base salary (as noted above) was paid compared to 20% in the prior period.
[4] Elaine O'Donnell was appointed as non-executive chair on 1 January 2021 and stepped down from the board on 31 December 2022. Her pay change has been calculated on an annualised basis.
[5] John Brewis was appointed senior independent director on 1 January 2021 and was appointed non-executive chair on 1 January 2023.
[6] Kate Marsh was appointed on 24 July 2019 and was appointed as remuneration committee chair on 11 April 2023.
[7] Randal Casson was appointed on 1 July 2022 and Mark Lam was appointed on 11 April 2023.

The bonus included within the wider workforce is only payable to a small number of employees.

The Group Profit Share payment to the CEO and CFO was £500 in 2020/21 and not applicable in 2021/22 onwards in accordance with the change in remuneration policy at the 2021 AGM, meaning directors are no longer eligible for the Group Profit Share. The wider workforce was paid a profit share/discretionary payment of £4,000 in 2022/23, £3,500 in 2021/22 and £5,000 in 2020/21. The Group Profit Share Scheme allows for a share of up to 10% of core operating profit.

Remuneration cost and Group Profit Share/discretionary bonus for the wider workforce have been calculated using the average exchange rates in the respective periods.

CEO pay ratio

We publish our CEO pay ratio in accordance with the Companies (Miscellaneous Reporting) Regulations 2018. In order to calculate our CEO pay ratios for 2022/23, we opted for Option A as this is the most statistically accurate method. For Option A, the total full time equivalent (FTE) remuneration for all the Group's UK employees for the relevant financial period is determined and those employees are ranked from low to high, based on their total FTE remuneration. The employees whose remuneration places them at the 25th, 50th (median) and 75th percentile points are then identified.

	CEO	25th percentile	50th percentile	75th percentile
Total pay (£000)	1,395	25	30	36
Base salary (£000)	715	23	24	30

	25th percentile	50th percentile	75th percentile
2022/23	53:1	44:1	37:1
2021/22	56:1	46:1	35:1
2020/21	56:1	44:1	33:1

To calculate these ratios, we determined the FTE pay and benefits for all UK employees in the financial period 2022/23 based on actual earnings reports as at 28 May 2023. The pay and benefits used to calculate the ratios include basic salary, pension, bonus payments, Group Profit Share, sharesave options and additional payments in relation to their role. Where an employee joined part way through the year, the monthly FTE pay was calculated and applied to the months before they joined.

CEO pay ratio continued
The multiple of the CEO's remuneration, compared to percentiles within the workforce are considered by the committee when making judgements around executive reward. The committee accepts that the result of the remuneration policy will lead to the executive directors' remuneration being a considerable multiple, compared to other elements of the organisation. In reviewing executive remuneration and the CEO multiple, the committee has taken a number of themes into account:

- One of the guiding principles of our policy is that in order to attract and retain talented staff we need to have remuneration, which is in line with what Games Workshop employees could earn in a broadly similar role in a broadly similar organisation. As this is true throughout the organisation, it must also apply to our executive directors. The amount our executive directors could earn in other organisations is available for all to read in the publicly available annual reports published by other companies in the FTSE. The absence of LTIPs means that the potential total remuneration available to our executive directors is significantly lower when compared to other companies within the FTSE 250.
- Games Workshop has an established track record of internal promotion, blended with external recruits who fit with the organisation and bring additional expertise. While the remuneration packages of our two executive directors are significant, the fact that they have both achieved these positions after more than twenty years' service with the Company is evidence that others could do too.
- This multiple is clearly largest when compared to employees at the lower end of the pay spectrum, but this is moderated to some extent by the Company's decision to:
  - pay the national living wage in the UK, regardless of age
  - ensure that Exceptional Bonus Awards are not made to executive directors unless the Group Profit Share Scheme is also paid
  - award the Group Profit Share equally, to all staff, which represents a higher percentage payment to lower paid staff.

We are satisfied that the ratios accurately reflect our approach to pay and benefits.

Share price changes
The directors' remuneration does not vary depending on share price appreciation or depreciation.

Relative importance of spend on pay
The following table sets out the percentage change in dividends, profit attributable to owners and employee remuneration for the period ended 28 May 2023, compared to the period ended 29 May 2022:

	2023 £m	2022 £m	% change
Total staff costs	**117.9**	105.7	11.5
Profit attributable to owners	**134.7**	128.4	4.9
Dividends declared	**136.5**	77.1	77.0

Statement of voting at the last AGM
At the last AGM, significant votes on remuneration related resolutions were cast as follows:

	Votes for	% of vote	Votes against	% of vote	Votes withheld	% of vote
To approve the remuneration report	22,415,102	89.0	2,743,299	10.9	28,659	0.1

The board of Games Workshop remains fully committed to shareholder engagement and welcomes ongoing dialogue with all investors.

Implementation statement
A summary of the remuneration arrangements in 2022/23 and how the policy will be applied during 2023/24 is set out below:

The structure of the remuneration policy is clear:
The remuneration committee has an open and robust dialogue with our executives, who clearly understand the policy. Any shareholder queries in relation to the remuneration policy and its operation are answered promptly.

The structure of the remuneration policy is simple:
The fixed element of our executives' remuneration is made up of a fixed base salary with a defined percentage pension contribution, which is equal to the percentage contribution available to the wider workforce. Our policy avoids the use of additional benefits or allowances. The variable element of executive remuneration is made up of a single Exceptional Bonus Award, which is awarded at the independent discretion of the remuneration committee in the event that proven, exceptional performance has been delivered.

The structure of the remuneration policy avoids risks:
Our remuneration policy avoids the potential for reputational risks from excessive rewards and the behavioural risks that might arise from target-based incentive plans simply and effectively by not including any target-based incentives.

REMUNERATION REPORT continued

Implementation statement continued

The remuneration policy has predictable outcomes:
The outcomes of the potential rewards are subject to clear limits and caps. The Exceptional Bonus Award is directly related to base salary alone, with a maximum potential bonus payment of 150% annually to each of our two executive directors.

The remuneration policy reflects a focus on delivery of our strategy and is aligned to company purpose, values and culture:
A focus on the long-term is deeply embedded in the strategy of the Company and the behaviours and values of our two executive directors. Our mission is to 'make the best fantasy miniatures in the world, to engage and inspire our customers, and to sell our products globally at a profit. We intend to do this forever'. 'Forever' is a very important word and our decisions are focused on long-term success and not short-term gains.

2022/23 represents the second period of implementation of the new executive remuneration policy, approved at the 2021 AGM as part of a three-year cycle. The remuneration committee made decisions and applied discretion during the year, under the terms of this policy.

Salary - fixed pay
While no consultants were employed to review executive remuneration during the year, the committee continues to monitor our executive directors' rewards, relative to other companies. In doing so, we consider the various elements of executive benefits - base salary, fixed pay, variable pay and total remuneration.

The executive directors continue to receive a pension based on a percentage of their base salary, which is equivalent to that available to the wider workforce. At a maximum of 8.5%, this is considerably lower than that shown in external analysis of employer pension allowances made to executives elsewhere in the FTSE 250. This is important when comparing total fixed remuneration rather than base salary alone.

Variable pay
The maximum Exceptional Bonus Award is up to 150% of base salary for the two executive directors, per year. The performance criteria are at the discretion of the remuneration committee as outlined earlier in the report on page 38.

The remuneration policy is intended to 'motivate' our management to deliver a high level of performance.

The committee notes that our remuneration policy differs from that in many other companies within the FTSE. This is a reflection of our belief that, culturally, our managers and colleagues want to deliver a high level of performance and the use of complex and formulaic incentive programmes might have unintended consequences and do more harm than good.

The committee confirmed its opinion that the remuneration package for our executive directors should not include long term incentive plans (LTIPs). We believe that LTIPs could have the potential to unbalance the organisation with individuals being incentivised to achieve personal goals, at the expense of the wider organisation.

The committee confirmed its belief that the recognition of exceptional performance has a potential motivational impact on teams and on individuals and agreed that the structure of the Exceptional Bonus Award, designed to recognise and reward exceptional performance of our executive directors, remains fit for purpose.

Sharesave
A further award of options will be made under the new sharesave scheme during the year which is on the same basis as previous years and available to all eligible employees.

Non-executive directors' fees
As part of annual review, the executive directors and chair of the board reviewed non-executive director fees against publicly available compensation benchmarking, awarding non-executive directors a 5% increase in base fees in line with the wider workforce with the base rising from £53,560 to £56,238. A fee of £5,000 has been added for additional responsibility of chairing a board committee or undertaking the role of senior independent director. The new fees have been added from 1 June 2023.

The remuneration committee also met as part of annual review to assess appropriate fees for the chair of the board. Taking account of publicly available compensation benchmarking and being mindful of the market differentials for non-executive and chair fees (where Games Workshop's chair fee has fallen below market rate for a comparative FTSE 250 company), the committee felt it was appropriate to increase the chair fee to £175,000 annually from 1 June 2023, noting that the resulting fee was still below the lower quartile of chair compensation for a FTSE 250 listed company.

Stakeholder alignment and wider governance context
In order to align with the experience of shareholders, the executive directors are required to invest 67% of any cash bonus payments (post tax) in the Company's shares on the open market, after the results have been published and that these shares are expected to be held for three years. There is no dilution of shares, no compensation for taxation issues and Exceptional Bonus Award payments to the executive directors are subject to clawback. The committee notes that there may be more tax efficient mechanisms to achieve this share purchase, but the executives choose not to employ these alternatives, believing it inappropriate to use the Company's tax resources for the benefit of two individuals.

Stakeholder alignment and wider governance context continued
The Group Profit Share Scheme allows up to 10% of core operating profit, to be paid, equally, to all staff (other than the two executive directors). These payments are also subject to the independent discretion of the remuneration committee, ensuring the variable elements of the executive directors' remuneration are completely aligned with the experience of the wider workforce.

In applying discretion to both the Exceptional Bonus Award and the Group Profit Share Scheme, the committee prevents formulaic outcomes and strengthens the alignment of experience between awards to the executive directors, shareholders and the wider workforce. Each of these stakeholders are considered by the committee before making bonus payments to our executive directors.

When considering the potential payment of an Exceptional Bonus Award, as stated above in the overview, the committee applies discretion to a suite of financial indicators including growth, margin, Group profit, earnings per share, cash generation and dividend payments made. If performance against this basket of criteria is exceptional, the Group will have generated sufficient profit and cash to have paid dividends to shareholders and appropriate cash payments to all staff under the Group Profit Share Scheme.

There are no elements of executive variable pay that are assigned to the achievement of specific non-financial goals. The committee's view is that progress with the implementation of strategic objectives, completion of particular projects or progress with ESG elements are fundamental to our executive directors' roles and the isolation of particular elements to attract specific reward might distract from the performance of the business in the round or inadvertently emphasise the priorities of a particular stakeholder.

The Exceptional Bonus Award does not contain a mechanism to pay out for 'on target' performance. This may amplify complexity when comparing with other FTSE companies where threshold payments are applied, but our position is that performance that is in line with expectations is covered by the base salary element of the remuneration package.

The committee notes the initiatives of other companies to use ESG targets as a mechanism to trigger bonus awards. Our decision not to do this should not be interpreted as a lack of commitment to ESG. In fact, Games Workshop's long-established strategic statement emphasises our intention 'to do this forever'. This is such an entrenched part of Games Workshop's ethos that we do not believe that we should introduce specific targets which might distract from or emphasise particular elements of this intent. Our expectation is that ESG progress is covered by the base salary element of the remuneration package.

We are aware that the Code states that remuneration schemes should promote long-term shareholdings by executive directors to support alignment with shareholder interests, with the Code stating that 'share awards granted for this purpose should be released on a phased basis and be subject to a total vesting and holding period of five years or more'. Our position remains that the benefits of granting LTIP share awards 'for this purpose' are outweighed by the potential negative impact of LTIPs on the unique culture of Games Workshop and the potential to widen the multiple of CEO and CFO remuneration, when compared to the wider workforce.

In association with the remuneration committee's judgement to retain a policy without LTIP share awards, we maintain our position where the executive directors are not subject to in-employment nor post-cessation minimum shareholding requirements. We have chosen not to impose these conditions as, based on their conduct, long service and consistent outstanding performance, the committee is satisfied that our executive directors' behaviour is focused on the long-term and is aligned with shareholder interests. It should also be noted that our executive directors must purchase shares at market rate from any bonus received at a minimum level of 67% of that cash bonus.

At the time of writing, both executive directors have significant shareholdings, all of which have been purchased from their personal post-tax resources.

Conclusion
The board takes seriously its responsibilities in applying the principles of UK corporate governance - properly incentivising executive directors and senior management forms part of this responsibility.

The committee and the board's philosophy to pay and reward remains the same, believing that the main focus of the remuneration policy should be on the fixed elements of pay. The committee continues to discuss and is very mindful of the risks of incentive plans and complex bonus schemes driving short-term and/or individual behaviour which are not in the interests of the Company and its shareholders. As such, the committee continues not to introduce any form of long-term incentives at this time. However, the committee undertakes to seek to be appropriately informed on market dynamics and to listen to the Company's key stakeholders, in order to ensure that the executive *directors are appropriately rewarded, retained and motivated. As per good practice the committee aims to conduct an external benchmark* review of executive pay in 2023/24 - three years after the last external benchmarking exercise.

Advisers
No advisers were employed to review executive remuneration during 2022/23.

REMUNERATION REPORT continued

Directors' interests in shares of the Company (subject to audit)

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

	As at 28 May 2023		As at 29 May 2022	
	Ordinary shares of 5p each		Ordinary shares of 5p each	
	Beneficial	**Non-beneficial**	Beneficial	Non-beneficial
Kevin Rountree	**12,499**	-	9,343	-
Rachel Tongue	**9,561**	-	7,730	-
John Brewis	**213**	-	213	-
Kate Marsh	**378**	-	378	-
Elaine O'Donnell[1]	**n/a**	**n/a**	2,857	2,943
Randal Casson[2]	-	-	n/a	n/a
Mark Lam[3]	-	-	n/a	n/a

[1] Elaine O'Donnell stepped down from the board on 31 December 2022 and her shareholding at this date was 2,857 beneficial and 2,943 non-beneficial.
[2] Randal Casson was appointed to the board on 1 July 2022
[3] Mark Lam was appointed to the board on 11 April 2023

Share options (subject to audit)

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

	Number as at 28 May 2023	Number as at 29 May 2022	Exercise dates Commencement	Expiry	Exercise price
Kevin Rountree	**252**	252	Nov 2023	Apr 2024	£71.4627
Rachel Tongue	**252**	252	Nov 2023	Apr 2024	£71.4627

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

There were no aggregate gains of directors arising from any exercise of options granted within the sharesave scheme in 2021/22 or 2022/23.

There were no movements in directors' interests in shares of the Company between 28 May 2023 and the date of this report.

Performance graph

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

On behalf of the board

Kate Marsh
Remuneration committee chair
24 July 2023

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial period. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the Group's profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease *operations, or have no realistic alternative but to do so.*

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, remuneration report and corporate governance report that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other *jurisdictions.*

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the financial statements will form part of the annual report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

Responsibility statement of the directors in respect of the annual report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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

On behalf of the board

R Tongue

Rachel Tongue
CFO
24 July 2023

COMPANY DIRECTORS AND ADVISERS

Directors
John Brewis, non-executive chair
Kevin Rountree, chief executive officer
Rachel Tongue, chief financial officer
Randal Casson, non-executive director
Mark Lam, senior non-executive director
Kate Marsh, non-executive director

Company secretary
Ross Matthews

Registered office
Willow Road, Lenton, Nottingham, NG7 2WS

Registered number
2670969

Financial advisers and stockbrokers
Peel Hunt LLP, 100 Liverpool Street, London, EC2M 2AT

Chartered accountants and independent statutory auditor
KPMG LLP, 1 Snow Hill, Queensway, Birmingham, B4 6GH

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

INDEPENDENT AUDITOR'S REPORT

To the members of Games Workshop Group PLC

Our opinion is unmodified

We have audited the financial statements of Games Workshop Group PLC ('the Company') for the 52-week period ended 28 May 2023 which comprise the consolidated income statement, consolidated statement of comprehensive income, balance sheets, consolidated and Company statements of changes in total equity, consolidated and Company cash flow statements and the related notes, including the accounting policies in note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 28 May 2023 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit and risk committee.

We were first appointed as auditor by the shareholders on 15 September 2021.The period of total uninterrupted engagement is for two financial periods ended 28 May 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2022), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Core revenue recognition (Core revenue - £445.4 million (2022: £386.8 million)) Risk vs 2022: unchanged Refer to page 55	Core revenue relates to those channels that sell product to external customers, through the Group's network of retail stores, independent retailers and online via the global web stores and consists of 95% (2022: 93%) of the Group's total revenue. Professional standards require us to presume (unless rebutted) that the fraud risk from revenue recognition is a significant risk. Given that core revenue is recognised at a point in time, is simple in nature and individual sales are of high volume and low value (meaning that a large volume of sales transactions would need to be misstated to result in a material misstatement) we rebutted the presumption of a significant risk due to fraud and we did not identify a significant risk of misstatement due to error. However, due to the significance of core revenue in the context of the financial statements and our materiality, the risk that core revenue is misstated due to error is considered to be the area that had the greatest effect on our overall Group audit.	Our procedures included: • **Test of detail**: For certain trade sales customers, we performed data analytics procedures to reconcile the movement from the opening to the closing trade receivables position; • **Test of detail**: For the remaining in-scope components where revenue was not covered by the data analytics procedure described above, we substantively sampled the revenue in the period to match sales invoices to related orders, dispatch notes and/or cash and/or trade debtors; and • **Test of detail**: We inspected a sample of sales transactions either side of the balance sheet date as well as credit notes issued after period end and assessed whether revenue has been recognised in the appropriate period. We performed the detailed tests above rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls. **Our results:** We found the recognition of core revenue to be acceptable (2022: acceptable).

	The risk	Our response
Recoverability of parent company investments in and intercompany receivables from subsidiaries (Investments £30.6 million (2022: £30.6 million), receivables from Group companies £6.4 million (2022: £8.5 million), loans to Group companies £24.6 million (2022: £31.6 million)) Risk vs 2022: unchanged Refer to note 17 on page 70 and notes 20 and 21 on pages 71 and 72	**Low risk, high value** The carrying amount of the parent company's investments in subsidiaries and intercompany receivables represents 66% (2022: 70%) of the parent company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.	Our procedures included: • **Tests of detail:** We compared the carrying amount of each investment and intercompany receivable to the net assets of the relevant subsidiary included within the group consolidation, to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making. We performed the detailed tests above rather than seeking to rely on any of the Group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls. **Our results:** We found the Company's conclusion that there is no impairment of its investments in subsidiaries and intercompany receivables to be acceptable (2022: acceptable).

Our application of materiality and an overview of the scope of our audit
Materiality for the Group financial statements as a whole was set at £8.5m (2022: £7.5m), determined with reference to a benchmark of Group profit before tax, of which it represents 5.0% (2022: 4.8%).

Materiality for the parent company financial statements as a whole was set at £1.0m (2022: £0.9m), determined with reference to a benchmark of the parent company's net assets, of which it represents 1.4% (2022: 1.3%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to £6.4m (2022: £5.6m) for the Group and £0.75m (2022: £0.675m) for the parent company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the audit and risk committee any corrected or uncorrected identified misstatements exceeding £0.425m (2022: £0.375m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 56 (2022: 54) reporting components, we subjected 6 (2022: 7) to full scope audits for group purposes and 2 (2022: 1) to specified risk-focused audit procedures over revenue. The latter were not financially significant enough to require a full-scope audit for group purposes, but did present specific individual risks that needed to be addressed.

The components within the scope of our work accounted for 91% of total Group revenue (2022: 90%), 96% of Group profit before tax (2022: 90%) and 94% of total Group assets (2022: 92%).

The remaining 9% (2022: 10%) of total Group revenue, 4% (2022: 10%) of Group profit before tax and 6% (2022: 8%) of total Group assets is represented by 48 (2022: 46) reporting components, none of which individually represented more than 3% (2022: 3%) of any of total Group revenue, Group profit before tax or total Group assets. For the residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The scope of the audit work performed was predominantly substantive as we placed limited reliance upon the Group's internal control over financial reporting.

The work on all of the components, including the audit of the parent company, was performed by the Group team.

The impact of climate change on our audit
In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

With the support of our climate professionals, we performed a risk assessment of the impact of climate change on the financial statements and our audit approach.

Taking into account the nature of the business operations of the Group, the potential increase in costs relating to decarbonisation, climate related taxes and changes in regulations, we did not identify any risks that significantly impact our audit or key audit matters. We read the climate related disclosures in the front half of the annual report and considered consistency with the financial statements and our audit knowledge.

Going concern
The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the parent company or to cease their operations, and as they have concluded that the Group's and the parent company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and parent company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and parent company's available financial resources over this period was inflationary pressures increasing the cost of raw materials and reducing the gross margin earned on core revenue sales.

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the levels of available financial resources indicated by the Group's financial forecasts.

We assessed the completeness of the going concern disclosure.

Our conclusions based on this work:
- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is *appropriate*;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or parent company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and parent company's use of that basis for the going concern period, and we found the going concern disclosure in note 2 to be acceptable; and
- the related statement under the Listing Rules set out on page 27 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the parent company will continue in operation.

Fraud and breaches of laws and regulations - ability to detect
Identifying and responding to risks of material misstatement due to fraud
To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors, the audit and risk committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud;
- reading board, audit and risk committee, and remuneration committee minutes;
- considering remuneration incentive schemes for executive directors; and
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the *risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate* accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because core revenue is recognised at a point in time, is simple in nature and individual sales are of high volume and low value (meaning that a large volume of sales transactions would need to be misstated before resulting in a material error). Licensing revenue is also non-complex, with a small number of non-judgemental transactions.

INDEPENDENT AUDITOR'S REPORT continued

Fraud and breaches of laws and regulations - ability to detect continued
Identifying and responding to risks of material misstatement due to fraud continued

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included postings to cash or to revenue with an unexpected pairing.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We assessed the legality of the distributions made in the period by assessing whether relevant accounts to support the distribution had been properly prepared and filed at Companies House. As disclosed to us by directors, in regards to the dividend paid on 25 November 2022 sufficient distributable reserves had not been in place at the time of the previous audited accounts and interim accounts were not filed at Companies House ahead of the interim dividend being paid. We obtained the interim accounts which were subsequently filed at Companies House and confirmed that sufficient distributable reserves were available at the time the dividend was declared, though the lack of interim accounts being filed before the dividend was paid means that the dividend remains illegal. We assessed the disclosures in notes 12 and 21 against our understanding from legal correspondence and consider them to be appropriate.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

We have nothing to report on the other information in the annual report
The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report
Based solely on our work on the other information:
- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Remuneration report
In our opinion the part of the remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability
We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:
- the directors' confirmation set out on page 14 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the risks and uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the going concern and viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on pages 26 and 27 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's longer-term viability.

Corporate governance disclosures
We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:
- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the audit and risk committee, including the significant issues that the audit and risk committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the corporate governance statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

We have nothing to report on the other matters on which we are required to report by exception
Under the Companies Act 2006, we are required to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the remuneration report to be audited 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.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT continued

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 47, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

The purpose of our audit work and to whom we owe our responsibilities

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.

Anna Barrell

Anna Barrell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snow Hill
Snow Hill Queensway
Birmingham
B4 6GH

24 July 2023

CONSOLIDATED INCOME STATEMENT

	Notes		52 weeks ended 28 May 2023 £m		52 weeks ended 29 May 2022 £m
Core revenue			**445.4**		386.8
Licensing revenue			**25.4**		28.0
Revenue	4		**470.8**		414.8
Cost of sales			**(149.2)**		(127.4)
Core gross profit		***296.2***		*259.4*	
Licensing gross profit		***25.4***		*28.0*	
Gross profit			**321.6**		287.4
Operating expenses	4,5		**(151.4)**		(130.3)
Core operating profit		***148.2***		*131.7*	
Licensing operating profit		***22.0***		*25.4*	
Operating profit			**170.2**		157.1
Finance income	7		**1.3**		0.2
Finance costs	8		**(0.9)**		(0.8)
Profit before taxation	9		**170.6**		156.5
Income tax expense	10		**(35.9)**		(28.1)
Profit attributable to owners of the parent			**134.7**		128.4

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

	Notes	52 weeks ended 28 May 2023	52 weeks ended 29 May 2022
Basic earnings per ordinary share	11	**409.7p**	391.3p
Diluted earnings per ordinary share	11	**409.4p**	390.6p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	52 weeks ended 28 May 2023 £m	52 weeks ended 29 May 2022 £m
Profit attributable to owners of the parent		**134.7**	128.4
Other comprehensive income			
Exchange (losses)/gains on translation of foreign operations	29	**(1.5)**	0.8
Other comprehensive income for the period		**(1.5)**	0.8
Total comprehensive income attributable to owners of the parent		**133.2**	129.2

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

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

The notes on pages 59 to 80 are an integral part of these financial statements.

BALANCE SHEETS

	Notes	Group 28 May 2023 £m	 29 May 2022 £m	Company 28 May 2023 £m	 29 May 2022 £m
Non-current assets					
Goodwill	13	**1.4**	1.4	-	-
Other intangible assets	14	**21.2**	25.6	-	-
Property, plant and equipment	15	**55.7**	55.0	-	-
Right-of-use assets	16	**48.9**	48.1	-	-
Investments in subsidiaries	17	-	-	**30.6**	30.6
Deferred tax assets	18	**12.0**	17.8	-	-
Non-current receivables	20	**13.6**	19.4	**24.2**	31.6
		152.8	167.3	**54.8**	62.2
Current assets					
Inventories	19	**33.0**	38.4	-	-
Trade and other receivables	21	**36.3**	39.6	**7.0**	8.8
Current tax assets		**14.5**	4.4	-	-
Cash and cash equivalents	22	**90.2**	71.4	**32.2**	30.4
		174.0	153.8	**39.2**	39.2
Total assets		**326.8**	321.1	**94.0**	101.4
Current liabilities					
Lease liabilities	24	**(9.9)**	(9.2)	-	-
Trade and other payables	25	**(37.0)**	(33.5)	**(2.4)**	(2.0)
Current tax liabilities		**(0.4)**	(1.1)	-	-
Provisions for other liabilities and charges	27	**(0.9)**	(0.8)	-	-
		(48.2)	(44.6)	**(2.4)**	(2.0)
Net current assets		**125.8**	109.2	**36.8**	37.2
Non-current liabilities					
Lease liabilities	24	**(40.0)**	(39.7)	-	-
Other non-current liabilities	26	**(0.5)**	(0.6)	**(20.6)**	(27.9)
Deferred tax liabilities	18	**(1.4)**	-	-	-
Provisions for other liabilities and charges	27	**(1.6)**	(1.5)	-	-
		(43.5)	(41.8)	**(20.6)**	(27.9)
Net assets		**235.1**	234.7	**71.0**	71.5
Capital and reserves					
Called up share capital	28	**1.6**	1.6	**1.6**	1.6
Share premium account	28	**18.9**	16.3	**18.9**	16.3
Other reserves	29	**1.4**	2.9	**0.1**	0.1
Retained earnings		**213.2**	213.9	**50.4**	53.5
Total equity		**235.1**	234.7	**71.0**	71.5

The Company's profit after taxation for the 52 weeks ended 28 May 2023 is £132.4m (2022: £103.2m).

The notes on pages 59 to 80 are an integral part of these financial statements.

The financial statements on pages 55 to 80 were approved by the board of directors on 24 July 2023 and were signed on its behalf by:

K. Rountree

Kevin Rountree, Director

Rachel Tongue, Director

Registered number 2670969

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

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

COMPANY STATEMENT OF CHANGES IN TOTAL EQUITY

	Called up share capital £m	Share premium account £m	Other reserves (note 29) £m	Retained earnings £m	Total equity £m
At 30 May 2021 and 31 May 2021	1.6	14.5	0.1	42.2	58.4
Profit for the 52 weeks to 29 May 2022	-	-	-	103.2	103.2
Total comprehensive income for the period	-	-	-	103.2	103.2
Transactions with owners:					
Share-based payments	-	-	-	1.6	1.6
Shares issued under employee sharesave scheme (note 28)	-	1.8	-	-	1.8
Dividends paid to Company shareholders	-	-	-	(93.5)	(93.5)
Total transactions with owners	-	1.8	-	(91.9)	(90.1)
At 29 May 2022 and 30 May 2022	1.6	16.3	0.1	53.5	71.5
Profit for the 52 weeks to 28 May 2023	-	-	-	132.4	132.4
Total comprehensive income for the period	-	-	-	**132.4**	**132.4**
Transactions with owners:					
Share-based payments	-	-	-	1.0	1.0
Shares issued under employee sharesave scheme (note 28)	-	2.6	-	-	2.6
Dividends paid to Company shareholders	-	-	-	(136.5)	(136.5)
Total transactions with owners	-	**2.6**	-	**(135.5)**	**(132.9)**
At 28 May 2023	**1.6**	**18.9**	**0.1**	**50.4**	**71.0**

The notes on pages 59 to 80 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

	Notes	Group 52 weeks ended 28 May 2023 £m	Group 52 weeks ended 29 May 2022 £m	Company 52 weeks ended 28 May 2023 £m	Company 52 weeks ended 29 May 2022 £m
Cash flows from operating activities					
Cash generated from operations	30	**231.7**	159.2	**135.0**	101.8
UK corporation tax paid		**(31.3)**	(34.0)	**-**	-
Overseas tax paid		**(7.7)**	(3.7)	**-**	-
Net cash generated from operating activities		**192.7**	121.5	**135.0**	101.8
Cash flows from investing activities					
Purchases of property, plant and equipment		**(14.8)**	(17.0)	**-**	-
Purchases of other intangible assets		**(0.4)**	(1.4)	**-**	-
Expenditure on product development	14	**(13.1)**	(13.9)	**-**	-
Interest received		**1.2**	0.2	**2.0**	0.1
Net cash (used in)/generated from investing activities		**(27.1)**	(32.1)	**2.0**	0.1
Cash flows from financing activities					
Proceeds from issue of ordinary share capital	28	**2.6**	1.8	**2.6**	1.8
Repayment of principal under leases	24	**(11.8)**	(11.1)	**-**	-
Lease interest paid	24	**(0.9)**	(0.8)	**-**	-
Interest paid		**-**	-	**(1.3)**	-
Dividends paid to Company shareholders	12	**(136.5)**	(93.5)	**(136.5)**	(93.5)
Net cash used in financing activities		**(146.6)**	(103.6)	**(135.2)**	(91.7)
Net increase/(decrease) in cash and cash equivalents		**19.0**	(14.2)	**1.8**	10.2
Opening cash and cash equivalents		**71.4**	85.2	**30.4**	20.2
Effects of foreign exchange rates on cash and cash equivalents		**(0.2)**	0.4	**-**	-
Closing cash and cash equivalents	22	**90.2**	71.4	**32.2**	30.4

The notes on pages 59 to 80 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information
Games Workshop Group PLC (the 'Company') and its subsidiaries (together the 'Group') designs and manufactures miniature figures and games and distributes these through its own network of retail stores, independent retailers and online via the global web stores. The Group has manufacturing activities in the UK and sells mainly in the UK, Continental Europe, North America, Australia, New Zealand and Asia. The Group also grants licences to third parties for the development of video games and other products utilising the Group's intellectual property.

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

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

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

Basis of preparation
The Group and the Company have presented these financial statements rounded to the nearest £0.1m.

The financial statements of Games Workshop Group PLC have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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

Going concern
In adopting the going concern basis for preparing the financial statements, the directors have considered a base case going concern model, a continuation of our current operations in line with budgeted growth, and then modelled a series of severe but plausible downside scenarios (see page 27) such as loss of factories and further store closures. After making appropriate enquiries with the operational board, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the Group's and Company's financial statements.

Basis of consolidation
The consolidated financial statements include the Company and its subsidiary undertakings drawn up for the 52 weeks ended 28 May 2023 and the 52 weeks ended 29 May 2022. The period end date is defined as the nearest Sunday to 31 May each year. Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated on consolidation. Accounting policies of subsidiaries are consistent with the policies adopted by the Group. Special purpose reporting information prepared under UK-adopted International Accounting Standards of all subsidiaries to 28 May 2023 and 29 May 2022 has been used for consolidation purposes.

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

Other intangible assets
Development costs
Costs incurred in respect of product design and development activities are recognised as intangible assets when they meet the criteria of IAS 38 'Intangible Assets' and are wholly attributable to specific projects. Product development costs recognised as intangible assets are either amortised on a reducing balance basis, with rates ranging from 65% to 80%, or are fully amortised in the month of the relevant product release. The selected amortisation method is chosen to match the expenditure incurred to the expected revenue generated from the subsequent product release.

Computer software
Acquired computer software licences and related development expenditure are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Where software is acquired under a cloud computing arrangement, only those costs incurred in developing a separate identifiable asset owned and controlled by the Group, such as an interface between the Group's systems, are capitalised. Computer software licences are held at cost and amortised on a straight line basis over the expected useful lives of the assets. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when they meet the criteria of IAS 38 'Intangible Assets'.

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

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

	% of cost
Core business systems computer software	10-33
Web store computer software	20
Other computer software	33-50

2. Summary of significant accounting policies continued

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

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

	Straight line % of cost	Reducing balance % of net book value
Freehold buildings	2-4	-
Plant and equipment and vehicles	15-33	-
Fixtures and fittings	20-25	-
Moulding tools - product specific	-	50
Moulding tools - non-product specific	25	-

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

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

Trade receivables
Trade receivables are recognised initially at fair value, which is typically the original invoice amount, and carried at amortised cost using the effective interest method less loss allowance. The Group applies the IFRS 9 'Financial instruments' simplified approach to measuring expected credit losses, using a lifetime expected loss allowance for trade receivables based on historical credit losses by the Group.

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group completes its performance obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration.

Leases
At the lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist under IAS 36 'Impairment of Assets'.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset on the balance sheet, or income statement if the right-of-use asset is already reduced to zero.

Where a store continues to be occupied post lease end date, these stores will be accounted for as a short-term lease and directly expensed to the income statement.

The Group has calculated and applied the incremental borrowing rate ('IBR') to its future cash flows to determine the lease liability. The incremental borrowing rate has been defined by the standard as 'the rate of interest that a lessee would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar environment'. The Group has no external borrowing, therefore a credit risk spread approach has been used to calculate the IBR, which combines the risk-free security rate and a corporate security rate in each economic environment in which the Group has a lease, linked to the life of the underlying lease agreement.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. The lease payments associated with these leases are recognised as expenses on a straight-line basis over the lease term.

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

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

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

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

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

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities (deferred income) are recognised as revenue when the Group performs under the contract

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

Long service benefits
The Group operates a long service incentive scheme under which employees receive a one off additional holiday entitlement of two weeks when they reach 10, 20, 30 and 40 years' service (Veterans scheme). The costs of these benefits are accrued over the period of employment based on expected staff retention rates and the anticipated future employment costs discounted to present value.

Share-based payments
The Group operates a number of equity-settled employee sharesave schemes. The fair value of the employee services received, measured at grant date in exchange for the grant of the awards, is recognised as an expense in the income statement, with the corresponding credit being recorded in retained earnings within equity over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the awards granted. At each balance sheet date, the Group revises its estimates of the number of awards that are expected to vest. The Group recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity, in periods in which the estimates are revised. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

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

Revenue
Core revenue
Revenue, which excludes value added tax and sales between group companies, represents the invoiced value of goods supplied (net of trade discounts for sales to independent retailers). Revenue is recognised on dispatch of goods to the customer for sales via the global web stores and for sales to independent retailers. The fulfilment of the performance obligation of the contract with the customer is achieved on delivery. The difference in timing of recognition of revenue and the fulfilment of the delivery has been considered and does not have a material effect on the financial statements. For revenue earned through the Group's retail stores and for digital products, revenue is recognised at the point of sale. Payment of the transaction price is due in line with agreed customer credit terms. Revenue for subscriptions is recognised on a straight line basis over the subscription period.

Revenue on goods sold to customers on a sale or return basis (which includes book sales) is recognised after making full provision for the level of expected returns, based on past experience. The level of returns is reviewed on a regular basis and the provision is amended accordingly. Revenue on a sale or return basis represents no more than 3% of consolidated revenue (2022: no more than 3%). We do not recognise any asset value in respect of these returns as they are not material.

Licensing revenue
Licensing revenue represents amounts invoiced to licensees for use of the Group's intellectual property ('IP'). This includes both minimum royalty guarantees charged on granting use of the intellectual property to licensees, and additional royalty income earned as a share of the licensee's sales of games and products which include use of the Group's IP.

Where a licensing agreement includes minimum royalty guarantee income, an assessment of the Group's performance obligations is made, and whether the agreement represents a right to use, or a right to access the Group's intellectual property. Currently, all existing licensing agreements are considered to be a right to use the Group's intellectual property. The performance obligations of these agreements has been met in granting use of the Group's existing intellectual property and minimum royalty guarantee income revenue is recognised in full at inception of the contract. Additional royalty income is recognised in the income statement when it can be reliably measured by reference to the underlying licensee performance as notified to the Group by the licensee and following validation of the amounts receivable by the Group.

NOTES TO THE FINANCIAL STATEMENTS continued

2. Summary of significant accounting policies continued
recognised in the income statement when it can be reliably measured by reference to the underlying licensee performance as notified to the Group by the licensee and following validation of the amounts receivable by the Group.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors.

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except where it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

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

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

Provision for liabilities and charges
Provisions are recognised in accordance with IAS 37 'Provisions, Contingent Assets and Contingent Liabilities'. Provisions are made for property dilapidations where a legal obligation exists. The estimated employee benefit liability arising from the Veterans scheme is classified within provisions. Amounts relating to employees who reach 10, 20, 30 or 40 years' service in more than one year are classified as non-current. Provisions are made for redundancy costs once the employees affected have a valid expectation that their roles will become redundant.

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

Financial instruments
All financial assets are classified as 'financial assets at amortised cost' and financial liabilities as 'financial liabilities at amortised cost' in accordance with IFRS 9. Management determines the classification of its financial assets and liabilities at initial recognition.

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

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

3. Changes in accounting policies

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

4. Segment information

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

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

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

We provide further information on revenue and expenses within the core segment below. The core segment has been divided into channels as follows:

- Trade: this sales channel sells globally to independent retailers, agents and distributors. It also includes the Group's magazine newsstand business and the distributor sales from the Group's publishing business (Black Library).
- Retail: this includes sales through the Group's retail stores, the Group's visitor centre in Nottingham and global events.
- Online: this includes sales through the Group's global web stores, our online subscription service (Warhammer+) and digital sales through external affiliates.
- Design, manufacturing, logistics and operations, which includes costs for:
  - the design studios (that creates all of the IP and the associated miniatures, artwork, games and publications);
  - the production facilities;
  - the warehouses and logistics costs;
  - charges for inventory provisions. This includes adjustments for the profit in stock arising from inter-segment sales; and
  - support services (marketing, IT, accounting, payroll, personnel, procurement, legal, health and safety, customer services and credit control) provided to activities across the Group;
- Group: this includes the Company's overheads

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

4. Segment information continued

Additional revenue analysis

Segment revenue and segment profit include transactions between business segments; these transactions are eliminated on consolidation. Sales between segments are carried out at arm's length. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the income statement. Sales regions analysed within the segments reported to the executive directors differ from the analysis of sales by customer geography, due to the categorisation of some European and Asian customers. For information, core external revenue is analysed further below:

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

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

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

The Group is not reliant on any one individual customer.

Additional operating expenses analysis

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

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

4. Segment information continued

Non-current asset analysis

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

Other non-cash charges

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

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

5. Operating expenses

	52 weeks ended 28 May 2023 £m	52 weeks ended 29 May 2022 £m
Selling costs	**77.3**	66.3
Administrative expenses	**74.1**	64.0
	151.4	130.3

6. Directors and employees

	Group		Company	
	52 weeks ended 28 May 2023 £m	52 weeks ended 29 May 2022 £m	**52 weeks ended 28 May 2023 £m**	52 weeks ended 29 May 2022 £m
Total directors' and employees' costs:				
Wages and salaries	**102.7**	91.4	**3.1**	2.8
Social security costs	**9.9**	8.7	**0.2**	0.2
Other pension costs	**4.3**	4.0	**-**	-
Share-based payment	**1.0**	1.6	**-**	-
	117.9	105.7	**3.3**	3.0

Details of capitalised salary costs, included in the above, are provided in note 14. Redundancy costs and compensation for loss of office, not included in the above, are provided in note 9.

This includes performance related elements of salary costs and payments under the Group Profit Share Scheme to employees of £14.6m (2022: £12.6m).

Key management compensation

The directors of the Group are considered to be the key management personnel of the Group. The remuneration of the directors of the Group is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

	52 weeks ended 28 May 2023 £m	52 weeks ended 29 May 2022 £m
Short-term employee benefits	**2.6**	2.5
Share-based payments	**-**	-
	2.6	2.5

In the period, there were two directors (2022: two) to whom retirement benefits were accruing in respect of money purchase schemes.

Further information relating to directors' emoluments, shareholdings and share options is disclosed in the remuneration report on pages 36 to 46.

Employee numbers

Group	**52 weeks ended 28 May 2023 No.**	52 weeks ended 29 May 2022 No.
Monthly average full time equivalent number of employees (including directors) by activity:		
Design and development	**295**	348
Production and warehousing	**714**	709
Selling:		
- Full time	**970**	941
- Part time	**80**	65
Services	**586**	491
	2,645	2,554

Employees previously categorised as 'administration' are now included within the 'services' category. During the period, a number of employees working on design management and translation activities have been transferred from 'design and development' to 'services'.

The monthly average number of employees for the Company was six (2022: five) and there were four non-executive directors (2022: four).

NOTES TO THE FINANCIAL STATEMENTS continued

7. Finance income

	52 weeks ended 28 May 2023 £m	52 weeks ended 29 May 2022 £m
Interest income:		
- On cash and cash equivalents	**1.3**	0.2
	1.3	0.2

8. Finance costs

	52 weeks ended 28 May 2023 £m	*52 weeks ended* 29 May 2022 £m
Interest expense:		
- Interest expense on lease liabilities	**0.9**	0.8
	0.9	0.8

9. Profit before taxation

	Notes	52 weeks ended 28 May 2023 £m	52 weeks ended 29 May 2022 £m
Profit before taxation is stated after charging/(crediting):			
Depreciation:			
- Owned property, plant and equipment	15	**13.7**	11.7
- Right-of-use assets	16	**11.9**	11.2
Amortisation:			
- Owned computer software	14	**1.8**	1.6
- Development costs	14	**12.1**	10.1
Impairment of computer software	14	**0.7**	1.1
Impairment of development costs	14	**2.9**	0.2
Employee and agency staff costs (excluding capitalised salary costs shown in note 14)		**115.8**	106.6
Cost of inventories included in cost of sales		**56.0**	54.8
Inventory provision creation	19	**8.0**	10.6
Unrealised and realised exchange losses/(gains)		**0.2**	(1.8)
Loss on disposal of intangible assets	14	**0.2**	0.3
Redundancy costs and compensation for loss of office		**1.1**	0.6

Auditor's remuneration and services provided

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

	52 weeks ended 28 May 2023 £m	52 weeks ended 29 May 2022 £m
Audit services		
Audit of the Group and Company's financial statements	**0.6**	0.4
Other services		
The audit of the Company's subsidiaries pursuant to legislation	**-**	-
Total services provided	**0.6**	0.4

There are no audit-related assurance services provided by the Group's auditor for the current or prior periods.

10. Income tax expense

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

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

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

The UK corporation tax rate increased from 19% to 25% from 1 April 2023. This change had been substantively enacted at 29 May 2022 and is therefore reflected in the comparative numbers.

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

11. Earnings per share

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

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

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

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

12. Dividends per share

Dividends of £29.6m (90 pence per share), £9.8m (30 pence per share), £14.8m (45 pence per share), £42.8m (130 pence per share) and £39.5m (120 pence per share) were declared and paid during the current period. Please refer to the directors' report (page 16) for further disclosure regarding the unlawful dividend that relates to part of the dividend paid on 25 November 2022. A resolution is to be proposed at the AGM in order to remedy this oversight.

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

For the purpose of demonstrating that there were sufficient distributable reserves for dividend payments, interim financial statements for the Company were prepared and filed at Companies House in January 2023, February 2023 and April 2023.

13. Goodwill

Group	2023 £m	2022 £m
Cost at beginning and end of period	**2.4**	2.4
Accumulated amortisation at beginning and end of period	**(1.0)**	(1.0)
Net book value at beginning and end of period	**1.4**	1.4

The Company had no goodwill at either period end.

Impairment tests for goodwill

In accordance with the requirements of IAS 36 'Impairment of Assets' the Group completed a review of the carrying value of goodwill as at each period end. The impairment review was performed to ensure that the carrying value of the Group's assets are stated at no more than their recoverable amount, being the higher of fair value less costs of disposal and value in use. The key assumptions for the recoverable amount of the goodwill are the long-term growth rate and the discount rate. The long-term growth rate used is purely for the impairment testing of goodwill under IAS 36 'Impairment of Assets' and does not reflect the long term planning assumptions used by the Group for any other assessments. In determining the value in use, the calculations use cash flow projections for a period no greater than three years based on plans approved by management and, for the Group's cash-generating unit concerned, assumes a long-term growth rate no higher than 2% (2022: 2%). The estimated future cash flows expected to arise from the continuing use of the assets were calculated using discount rates ranging from 2.2% to 4.9% (2022: 5.2%).

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

14. Other intangible assets

Group	Computer software £m	Development costs £m	Total £m
Cost			
At 30 May 2021 and 31 May 2021	22.4	47.7	70.1
Additions	1.4	13.9	15.3
Exchange differences	0.2	-	0.2
Disposals	(1.1)	(2.7)	(3.8)
Reclassifications	(0.2)	-	(0.2)
At 29 May 2022 and 30 May 2022	22.7	58.9	81.6
Additions	0.4	13.1	13.5
Disposals	(0.7)	(24.8)	(25.5)
Reclassifications	(0.2)	-	(0.2)
At 28 May 2023	**22.2**	**47.2**	**69.4**
Accumulated amortisation			
At 30 May 2021 and 31 May 2021	(14.0)	(32.4)	(46.4)
Amortisation charge	(1.6)	(10.1)	(11.7)
Exchange differences	(0.1)	-	(0.1)
Impairment	(1.1)	(0.2)	(1.3)
Disposals	1.1	2.4	3.5
At 29 May 2022 and 30 May 2022	(15.7)	(40.3)	(56.0)
Amortisation charge	(1.8)	(12.1)	(13.9)
Impairment	(0.7)	(2.9)	(3.6)
Disposals	0.7	24.6	25.3
At 28 May 2023	**(17.5)**	**(30.7)**	**(48.2)**
Net book amount			
29 May 2022	7.0	18.6	25.6
28 May 2023	**4.7**	**16.5**	**21.2**

Amortisation of £12.1m (2022: £10.4m) has been charged in cost of sales and £1.8m (2022: £1.3m) in operating expenses.

The net book amount of internally generated intangible assets is £17.4m (2022: £16.5m) and acquired intangible assets is £3.8m (2022: £9.1m). The net book amount of internally generated development costs is £14.7m (2022: £12.4m). £14.2m (2022: £11.8m) is capitalised salary costs.

Salary costs of £8.1m (2022: £6.8m) were capitalised as part of development costs and £nil (2022: £0.1m) was capitalised as part of computer software during the period.

Assets in the course of development, and not amortised, amount to £0.1m (2022: £1.5m) with current and prior period amounts both being included within computer software.

An impairment loss of £2.9m (2022: £0.2m) has been recognised in relation to animation development costs. This has been charged to cost of sales.
An impairment loss of £0.7m (2022: £1.1m) has been recognised in relation to alterations required to previously capitalised elements of software. This has been charged to operating expenses.

During the period the process of identifying intangible assets for disposal has been reviewed. This has resulted in assets with cost value of £24.8m (2022: £2.7m) and net book value of £0.2m (2022: £0.3m) being disposed of in the period.

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

15. *Property, plant and equipment*

Group	Freehold land and buildings £m	Plant and equipment and vehicles £m	Fixtures and fittings £m	Moulding tools £m	Total £m
Cost					
At 30 May 2021 and 31 May 2021	29.4	35.9	27.3	42.2	134.8
Additions	0.7	5.8	3.8	6.0	16.3
Exchange differences	-	0.5	0.9	-	1.4
Disposals	-	(1.1)	(0.9)	-	(2.0)
Reclassifications	0.3	0.2	(0.3)	-	0.2
At 29 May 2022 and 30 May 2022	30.4	41.3	30.8	48.2	150.7
Additions	0.1	4.3	3.0	6.8	14.2
Exchange differences	-	0.1	0.1	-	0.2
Disposals	-	(0.6)	(0.4)	-	(1.0)
Reclassifications	0.3	(1.2)	1.1	-	0.2
At 28 May 2023	**30.8**	**43.9**	**34.6**	**55.0**	**164.3**
Accumulated depreciation					
At 30 May 2021 and 31 May 2021	(8.1)	(21.0)	(20.4)	(35.5)	(85.0)
Charge for the period	(0.6)	(4.5)	(2.5)	(4.1)	(11.7)
Exchange differences	-	(0.2)	(0.7)	-	(0.9)
Disposals	-	1.2	0.7	-	1.9
At 29 May 2022 and 30 May 2022	(8.7)	(24.5)	(22.9)	(39.6)	(95.7)
Charge for the period	(0.5)	(5.3)	(3.0)	(4.9)	(13.7)
Exchange differences	-	-	(0.1)	-	(0.1)
Disposals	-	0.5	0.4	-	0.9
At 28 May 2023	**(9.2)**	**(29.3)**	**(25.6)**	**(44.5)**	**(108.6)**
Net book amount					
29 May 2022	21.7	16.8	7.9	8.6	55.0
28 May 2023	**21.6**	**14.6**	**9.0**	**10.5**	**55.7**

Depreciation expense of £10.8m (2022: £8.3m) has been charged in cost of sales, £1.5m (2022: £1.4m) in selling costs and £1.4m (2022: £2.0m) in administrative expenses.

Freehold land amounting to £8.3m (2022: £8.3m) has not been depreciated.

Assets in the course of construction, and not depreciated, amount to £6.1m (2022: £10.3m). £4.0m (2022: £3.6m) of these are included in moulding tools, £1.1m (2022: £4.6m) is included in plant and equipment and vehicles, £nil (2022: £0.5m) is included in freehold land and buildings, and £1.0m (2022: £1.6m) is included in fixtures and fittings above.

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

16. Right-of-use assets

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

The net book value at end of the period can be analysed as follows:

Group	**2023 £m**	2022 £m
Buildings	**48.8**	47.7
Plant and equipment and vehicles	**0.1**	0.4
	48.9	48.1

The Company held no right-of-use assets at either period end.

Depreciation charged on right-of-use assets during the period was as follows:

	52 weeks ended 28 May 2023 £m	52 weeks ended 29 May 2022 £m
Buildings	**11.8**	11.1
Plant and equipment and vehicles	**0.1**	0.1
	11.9	11.2

NOTES TO THE FINANCIAL STATEMENTS continued

17. *Investments in subsidiaries*

Company	2023 £m	2022 £m
Shares in group undertakings - cost		
Beginning of period and end of period	**30.6**	30.6

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

A list of subsidiary undertakings is given below.

Interests in group undertakings

Name of undertaking	Registered address of undertaking	Description of shares held	Proportion of nominal value of issued shares held by: Company	Subsidiary company	Principal business activity
Games Workshop Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary	100%		Manufacturer, distributor and retailer of games and miniatures
Games Workshop Retail Inc.	6211 East Holmes Road, Memphis, Tennessee, 38141, USA	$1 common stock		100%	Distributor and retailer of games and miniatures
Games Workshop (Queen Street) Limited	3251 Yonge Street, Toronto, Ontario, M4N 2L5, Canada	Can $1		100%	Retailer of games and miniatures
EURL Games Workshop	10, Rue Joseph Serlin, Lyon, 69001, France	€1		100%	Retailer of games and miniatures
Games Workshop SL	Aragón 208-210, Planta 4 Puerta 1 08011 Barcelona, Spain	€1		100%	Retailer of games and miniatures
Games Workshop Oz Pty Limited	23 Liverpool Street, Ingleburn, New South Wales 2565, Australia	Aus $1		100%	Distributor and retailer of games and miniatures
Games Workshop Deutschland GmbH	Am Wehrhahn 32, 40211 Düsseldorf, Germany	€1		100%	Retailer of games and miniatures
Games Workshop Limited	80 Queen Street, Auckland, 1010, New Zealand	NZ $1		100%	Retailer of games and miniatures
Games Workshop Italia SRL	Viale Castro Pretorio 122, 00185 Rome, Italy	€1		100%	Retailer of games and miniatures
Games Workshop International Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary	100%		Holding company for overseas subsidiary companies
Games Workshop US Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary		100%	Holding company for US subsidiary companies
Games Workshop US (Holdings) Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary		100%	Intermediary holding company for US subsidiary companies
Games Workshop Good Hobby (Shanghai) Commercial Co. Ltd	153-155 Xujiahui Road, Huangpu Area, Shanghai, 200021, China	Owners capital		100%	Distributor and retailer of games and miniatures
Games Workshop Trustee Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary	100%		Trustee
Games Workshop Stockholm AB	Master Samuelsgatan 67, Stockholm 11121, Sweden	SEK 100		100%	Retailer of games and miniatures
Games Workshop Hong Kong Limited	3806 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	HK $1 ordinary		100%	Distributor and retailer of games and miniatures
Games Workshop Hobby Pte. Limited	Red House, #01-04, 63 East Coast Road, 428776, Singapore	SG $1 ordinary		100%	Distributor and retailer of games and miniatures
Games Workshop Malaysia Sdn. Bhd.	Unit A-3-6, TTDI Plaza, 3 Jalan Wan Kadir, Taman Tun Dr Ismail, 60000 Kuala Lumpur, Malaysia	MYR 1 ordinary		100%	Distributor and retailer of games and miniatures
Games Workshop Interactive Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary	100%		Dormant
Warhammer Online Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary		100%	Dormant
Citadel Miniatures Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary	100%		Dormant
Games Workshop Step One Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary	100%		Production of motion picture, video and television programmes
Games Workshop EU España, SLU	Calle Aragon 208 210, Planta 4, Puerta 6, 08011, Barcelona, Spain	€1		100%	Distributor of games and miniatures

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

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

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

18. Deferred tax assets and liabilities

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

Group

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

	Accelerated depreciation £m	Profit in stock £m	Losses available for offset £m	Other £m	Total £m
At 30 May 2021 and 31 May 2021	1.5	4.7	0.2	3.7	10.1
(Charged)/credited to the income statement	(1.3)	8.1	-	1.1	7.9
Charged directly to equity	-	-	-	(1.4)	(1.4)
Exchange differences	-	1.1	-	0.1	1.2
At 29 May 2022 and 30 May 2022	0.2	13.9	0.2	3.5	17.8
Charged to the income statement	(0.2)	(4.6)	(0.1)	(1.4)	(6.3)
Exchange differences	-	0.4	-	0.1	0.5
At 28 May 2023	**-**	**9.7**	**0.1**	**2.2**	**12.0**

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

	Accelerated depreciation £m	Other £m	Total £m
At 30 May 2021, 31 May 2021, 29 May 2022 and 30 May 2022	-	-	-
(Charged)/credited to the income statement	(2.2)	1.0	(1.2)
Charged directly to equity	-	(0.2)	(0.2)
At 28 May 2023	**(2.2)**	**0.8**	**(1.4)**

The profit in stock deferred tax asset arises on temporary differences between the recognition of profits on intra group sales within the consolidated group financial statements and the financial statements of subsidiary undertakings.

Other deferred tax assets and liabilities include a deferred tax charge on adjustments for inventory provisions of £0.9m (2022: £1.6m), tax relief on exercise of share options of £0.3m (2022: £0.5m) and tax relief on the long service incentive scheme of £0.4m (2022: £0.4m).

Deferred tax assets are recognised in respect of tax losses and temporary differences to the extent that the realisation of the related tax benefit through future taxable profits is probable. This is based on a review of the track record of profitability in the country concerned. There was no unrecognised deferred tax at 28 May 2023 or 29 May 2022 in either the Group or the Company.

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

Company

Deferred tax assets of the Company in respect of accelerated depreciation and other temporary differences were less than £0.1m throughout the periods from 30 May 2021 to 28 May 2023.

19. Inventories

Group	**2023 £m**	2022 £m
Raw materials	**1.1**	1.4
Work in progress	**1.5**	1.9
Finished goods and goods for resale	**30.4**	35.1
	33.0	38.4

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

During the period, the Group utilised an inventory provision of £10.8m (2022: £8.9m) and £8.0m (2022: £10.6m) has been charged to the income statement.

The Company held no inventories at either period end.

20. Non-current receivables

	Group		Company	
	2023 £m	2022 £m	**2023 £m**	2022 £m
Licensing and other receivables	**13.6**	19.4	**-**	-
Loans to group companies	**-**	-	**24.2**	31.6
Total non-current receivables	**13.6**	19.4	**24.2**	31.6

Included within licensing and other receivables is invoiced licensing revenue of £12.6m (2022: £18.5m), being in respect of guarantee instalments due in over one year. Licensing receivables have been assessed for impairment, and are recognised less allowance for expected credit losses. There is no significant credit risk with respect to licensing revenue as the Group chooses low risk partners and receives regular guarantee instalments in advance of the release of a licensed product or game.

The loan due to the Company from Games Workshop Retail Inc. has a repayment date of 1 September 2027 and bears interest at 7.7% per annum. All other loans from group undertakings are interest free and have no fixed repayment date.

NOTES TO THE FINANCIAL STATEMENTS continued

21. Trade and other receivables

	Group		Company	
	2023	2022	**2023**	2022
	£m	£m	**£m**	£m
Trade receivables	**10.8**	9.1	**-**	-
Less allowance for expected credit losses	**(0.2)**	(0.5)	**-**	-
Trade receivables - net	**10.6**	8.6	**-**	-
Prepayments and accrued income	**13.2**	11.7	**-**	-
Licensing and other receivables	**12.5**	19.3	**0.2**	0.3
Receivables from group companies	**-**	-	**6.4**	8.5
Loans to group companies	**-**	-	**0.4**	-
Total trade and other receivables	**36.3**	39.6	**7.0**	8.8

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

Included within prepayments and accrued income are contract assets relating to uninvoiced licensing revenue amounting to £2.4m (2022: £1.8m). Included within licensing and other receivables is invoiced licensing revenue of £8.9m (2022: £7.5m).

Receivables due from group companies to the Company are interest free and immediately repayable on demand. Provision for impairment of amounts receivable from group companies have been assessed based on lifetime expected credit losses. As all balances are repayable on demand, and the Company expects to be able to recover the outstanding balances if demanded, no provision has been recognised in the 52 weeks ended 28 May 2023 (2022: £nil).

Loss allowances are established using the IFRS 9 simplified approach to expected credit losses. A lifetime loss allowance is calculated based on historical credit losses and is applied to trade receivables held across the Group. The ageing analysis of the Group's core trade receivables is as follows:

	2023			2022		
	Gross value	**Loss allowance**	**Net**	Gross value	Loss allowance	Net
Group	**£m**	**£m**	**£m**	£m	£m	£m
Not yet due	**10.0**	**-**	**10.0**	8.1	(0.2)	7.9
Up to 3 months past due	**0.6**	**-**	**0.6**	0.8	(0.1)	0.7
3 to 12 months past due	**0.2**	**(0.2)**	**-**	0.2	(0.2)	-
	10.8	**(0.2)**	**10.6**	9.1	(0.5)	8.6

In addition to the loss allowance against trade receivables, there is £0.8m loss allowance against licensing receivables (2022: £nil).

Loss allowance against trade receivables

Movements on the loss allowance against trade receivables are as follows:

Group	**£m**
At 30 May 2021 and 31 May 2021	0.3
Charge for the period	0.6
Receivables written off during the period as uncollectible	(0.4)
At 29 May 2022 and 30 May 2022	0.5
Credit for the period	(0.1)
Receivables written off during the period as uncollectible	(0.2)
At 28 May 2023	**0.2**

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

	2023	2022
	£m	£m
Sterling	**14.4**	14.9
Euro	**6.1**	15.2
US dollar	**25.0**	24.9
Other currencies	**4.4**	4.0
Total trade and other receivables	**49.9**	59.0

22. Cash and cash equivalents

	Group		Company	
	2023	2022	**2023**	2022
	£m	£m	**£m**	£m
Cash at bank and in hand	**90.2**	71.4	**32.2**	30.4
Cash and cash equivalents	**90.2**	71.4	**32.2**	30.4

The Group deposits funds with institutions that have a credit rating of 'A' and above with a term of less than three months, with the exception of cash of £0.5m which was held with banks rated 'BBB' in relation to European retail store banking.

There were no utilised borrowing facilities at 28 May 2023 or 29 May 2022.

23. Financial risk factors

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

Foreign currency risk

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

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

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

Foreign exchange sensitivity

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

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

The following assumptions were made in calculating the sensitivity analysis:

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

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

	Income statement losses	
	2023	2022
	£m	£m
15% depreciation of the US dollar (2022: 15%)	**5.9**	8.3
15% depreciation of the euro (2022: 15%)	**0.9**	4.6

An appreciation of the stated currencies would have an equal and opposite effect.

There is no impact on equity gains or losses.

Interest rate risk

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

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to independent retailers.
The Group controls credit risk from a treasury perspective by only entering into transactions involving financial instruments with authorised counter-parties with approved credit ratings, and by ensuring that such positions are monitored regularly. Credit risk on cash and short term deposits is mitigated as the counter-parties are banks with high credit ratings assigned by international credit rating agencies. Trade receivables are all considered to be the same risk level excepting those trade receivables aged over 3 months past due which are fully provided for.

There is no significant concentration of credit risk with respect to trade receivables, as the Group has a large number of customers that are internationally dispersed. Policies are also in place to ensure the wholesale sales of products are made to customers with an appropriate credit history and credit limits are periodically reviewed. Amounts recoverable from customers are reviewed on an ongoing basis and appropriate provision made for bad and doubtful debts (note 21). Provision requirements are determined with reference to ageing of invoices, credit history and other available information. Trade receivables are written off when there is no reasonable expectation of recovery, such as when the customer has been declared insolvent.

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

Capital risk

The capital structure of the Group consists of net funds (see note 31) and owners' equity (see notes 28 and 29). The Group manages its capital to safeguard the ability to operate as a going concern and to optimise returns to shareholders. The Group's objective is not to use long term debt to finance the business. Overdraft facilities will be used to finance the working capital cycle, if required.

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

NOTES TO THE FINANCIAL STATEMENTS continued

23. Financial risk factors continued

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

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

Group	2023 Within 1 year £m	2023 Between 1 and 2 years £m	2023 Between 2 and 5 years £m	2023 More than 5 years £m	2022 Within 1 year £m	2022 Between 1 and 2 years £m	2022 Between 2 and 5 years £m	2022 More than 5 years £m
Trade and other payables	**23.2**	**-**	**-**	**-**	22.6	-	-	-
Lease liabilities	**10.8**	**10.0**	**19.6**	**12.7**	9.9	9.2	17.2	15.5
	34.0	**10.0**	**19.6**	**12.7**	32.5	9.2	17.2	15.5

Company	Within 1 year 2023 £m	Within 1 year 2022 £m
Trade and other payables	**2.0**	1.9

Financial instruments by category

	Group Financial assets at amortised cost 2023 £m	Group 2022 £m	Company Financial assets at amortised cost 2023 £m	Company 2022 £m
Financial assets as per balance sheet				
Trade receivables	**10.6**	8.6	**-**	-
Accrued income	**3.9**	1.8	**-**	-
Licensing and other receivables	**26.1**	27.3	**0.2**	0.3
Receivables from group companies	**-**	-	**6.4**	8.5
Loans to group companies	**-**	-	**24.6**	31.6
Cash and cash equivalents	**90.2**	71.4	**32.2**	30.4
Total	**130.8**	109.1	**63.4**	70.8

	Group Financial liabilities at amortised cost 2023 £m	Group 2022 £m	Company Financial liabilities at amortised cost 2023 £m	Company 2022 £m
Financial liabilities as per balance sheet				
Trade payables	**9.5**	9.5	**-**	0.1
Other payables	**4.6**	4.4	**1.5**	1.2
Accruals	**9.1**	8.7	**0.3**	0.2
Payables to group companies	**-**	-	**0.1**	0.4
Loans from group companies	**-**	-	**20.7**	27.7
Lease liabilities	**49.9**	48.9	**-**	-
Total	**73.1**	71.5	**22.6**	29.6

Prepayments, deferred income balances and other taxes and social security payables have been excluded from the above as they are not financial assets or liabilities.

24. *Lease liabilities*

Lease liabilities are presented in the statement of financial position as follows:

Group	2023 £m	2022 £m
Current	**9.9**	9.2
Non-current	**40.0**	39.7
	49.9	48.9

The Group's leasing activity consists of leases on property, production equipment, IT equipment and motor vehicles. The majority of these leases relate to retail stores. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- lease payments to be made under reasonably certain extension options.

Variable lease payments not dependent on an index or a rate (such as turnover based rent) are excluded from the measurement of the lease liability and asset.

Leases of retail property generally have a lease term ranging from 1 year to 10 years with a break option after no more than 5 years. Leases of other property, which includes warehouses and offices, generally have a lease term ranging from 2 years to 15 years. Leases of production equipment generally have a lease term ranging from 1 year to 5 years. Leases of vehicles and IT equipment are generally limited to a lease term of 1 to 3 years.

Amounts recognised in the income statement relating to leases:

Group	52 weeks ended 28 May 2023 £m	52 weeks ended 29 May 2022 £m
Interest on lease liabilities	**0.9**	0.8
Expenses relating to short-term leases, variable leases and low-value assets	**0.9**	0.8

Amounts recognised in the statement of cash flows relating to leases:

Group	52 weeks ended 28 May 2023 £m	52 weeks ended 29 May 2022 £m
Total cash outflow for leases	**13.6**	12.7

Total cash outflows include values paid in respect of repayment of principal under leases, interest on lease liabilities and low value, short-term and variable lease payments.

The lease liabilities are secured by the related underlying assets. Future minimum lease payments as at the balance sheet date were due as follows:

	2023				2022			
Group	Within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	More than 5 years £m	Within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	More than 5 years £m
Lease payments	**10.8**	**10.0**	**19.6**	**12.7**	9.9	9.2	17.2	15.5
Finance charges	**(0.9)**	**(0.7)**	**(1.1)**	**(0.5)**	(0.7)	(0.5)	(1.0)	(0.7)
Net present value	**9.9**	**9.3**	**18.5**	**12.2**	9.2	8.7	16.2	14.8

The Company held no lease liabilities at either period end.

25. Trade and other payables

	Group		Company	
	2023 £m	2022 £m	2023 £m	2022 £m
Current				
Trade payables	**9.5**	9.5	**-**	0.1
Other taxes and social security	**3.5**	0.9	**0.1**	0.1
Other payables	**9.3**	7.9	**1.5**	1.2
Accruals	**10.7**	10.5	**0.3**	0.2
Deferred income	**4.0**	4.7	**-**	-
Loans from group companies	**-**	-	**0.4**	-
Payables to group companies	**-**	-	**0.1**	0.4
Total trade and other payables	**37.0**	33.5	**2.4**	2.0

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

Payables due to group companies by the Company are interest free and immediately payable on demand.

NOTES TO THE FINANCIAL STATEMENTS continued

26. Other non-current liabilities

	Group		Company	
	2023	2022	**2023**	2022
	£m	£m	**£m**	£m
Accruals	**0.5**	0.6	**0.3**	0.2
Loans from group companies	**-**	-	**20.3**	27.7
Total other non-current liabilities	**0.5**	0.6	**20.6**	27.9

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

The loan due to Games Workshop Limited by the Company has a repayment date of 1 September 2027 and bears interest at 7.575% per annum.

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

	2023	2022
	£m	£m
Sterling	**20.3**	18.6
Euro	**4.5**	2.6
US dollar	**9.5**	10.1
Other currencies	**3.2**	2.8
Total trade and other payables and other non-current liabilities	**37.5**	34.1

27. Provisions for other liabilities and charges

Analysis of total provisions:

	Group	
	2023	2022
	£m	£m
Current	**0.9**	0.8
Non-current	**1.6**	1.5
	2.5	2.3

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

Provisions in respect of the Company were less than £0.1m throughout the periods from 30 May 2021 to 28 May 2023.

The fair value of provisions does not differ from the book value.

Employee benefits
The Group operates a long service incentive scheme under which employees receive a one-off additional holiday entitlement of two weeks when they reach 10, 20, 30 and 40 years of employment (Veterans scheme). The cost of this benefit is accrued over the period of employment based on expected staff retention rates and the anticipated employment costs and are utilised once an employee reaches 10, 20, 30 or 40 years of employment.

Property
Provisions are made for property dilapidations where a legal obligation exists, or where the end of the lease commitment is imminent and a reliable estimate of the exit liability can be made.

28. Share capital

	Number of shares (thousands)	Called up share capital £m	Share premium £m	Total called up share capital and share premium £m
At 30 May 2021	32,776	1.6	14.5	16.1
Shares issued under employee sharesave scheme	64	-	1.8	1.8
At 29 May 2022	32,840	1.6	16.3	17.9
Shares issued under employee sharesave scheme	74	-	2.6	2.6
At 28 May 2023	**32,914**	**1.6**	**18.9**	**20.5**

During the period 74,162 ordinary shares were issued (2022: 63,636). The total authorised number of shares is 42,000,000 shares (2022: 42,000,000 shares) with a par value of 5p per share (2022: 5p per share). All issued shares are fully paid.

29. Other reserves

	2023				2022			
	Capital redemption reserve	**Translation reserve**	**Other reserve**	**Total**	Capital redemption reserve	Translation reserve	Other reserve	Total
Group	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m
Beginning of period	0.1	3.8	(1.0)	2.9	0.1	3.0	(1.0)	2.1
Exchange differences on translation of foreign operations	-	(1.5)	-	(1.5)	-	0.8	-	0.8
End of period	**0.1**	**2.3**	**(1.0)**	**1.4**	0.1	3.8	(1.0)	2.9

The other reserve relates to a bonus issue to the previous holders of the Company's ordinary shares created on flotation.

As at 28 May 2023, the Company's capital redemption reserve was £0.1m (2022: £0.1m).

30. Notes to the cash flow statement

Reconciliation of profit to net cash from operating activities

	Group		Company	
	2023	2022	**2023**	2022
	£m	£m	**£m**	£m
Profit before taxation	**170.6**	156.5	**131.6**	102.5
Finance income	**(1.3)**	(0.2)	**(2.5)**	(0.1)
Finance costs	**0.9**	0.8	**1.8**	-
Operating profit	**170.2**	157.1	**130.9**	102.4
Adjustments for:				
Depreciation of property, plant and equipment	**13.7**	11.7	-	-
Depreciation of right-of-use assets	**11.9**	11.4	-	-
Net impairment charge of intangible assets	**3.6**	1.3	-	-
Loss on disposal of property, plant and equipment	**0.1**	-	-	-
Loss on disposal of right-of-use assets	**0.1**	-	-	-
Loss on disposal of intangible assets (see below)	**0.2**	0.3	-	-
Amortisation of capitalised development costs	**12.1**	10.1	-	-
Amortisation of other intangibles	**1.8**	1.6	-	-
Share-based payments	**1.0**	1.6	-	-
Exchange movement	**(1.6)**	-	-	-
Changes in working capital:				
- Decrease/(increase) in inventories	**6.0**	(12.2)	-	-
- Decrease/(increase) in trade and other receivables	**8.1**	(21.5)	**1.7**	(29.9)
- Increase/(decrease) in trade and other payables	**4.2**	(2.2)	**2.4**	29.4
- Increase/(decrease) in provisions	**0.3**	-	-	(0.1)
Net cash from operating activities	**231.7**	159.2	**135.0**	101.8

The Group disposed of intangible assets with net book amount of £0.2m (2022: £0.3m). There were no proceeds on disposal in either period and hence a loss on disposal equivalent to the net book value was recorded.

Loan balances between the Company and other group companies were settled in part in the period by non-cash movements: £8.3m (2022: £nil).

31. Analysis of net funds

	2023	2022
Group	**£m**	£m
Cash at bank and in hand	**90.2**	71.4
Lease liabilities	**(49.9)**	(48.9)
Net funds	**40.3**	22.5

	2023	2022
Company	**£m**	£m
Cash at bank and in hand	**32.2**	30.4
Net funds	**32.2**	30.4

NOTES TO THE FINANCIAL STATEMENTS continued

31. Analysis of net funds continued

Group	Lease liabilities £m	Cash at bank £m	Total £m
Net funds as at 30 May 2021 and 31 May 2021	(47.0)	85.2	38.2
Cash flows	11.1	(14.2)	(3.1)
Lease additions	(11.4)	-	(11.4)
Interest expense	(0.8)	-	(0.8)
Interest payments	0.8	-	0.8
Foreign exchange movement	(1.6)	0.4	(1.2)
Net funds as at 29 May 2022 and 30 May 2022	(48.9)	71.4	22.5
Cash flows	11.8	19.1	30.9
Lease additions	(12.9)	-	(12.9)
Interest expense	(0.9)	-	(0.9)
Interest payments	0.9	-	0.9
Foreign exchange movement	0.1	(0.3)	(0.2)
At 28 May 2023	**(49.9)**	**90.2**	**40.3**

Cash flows in respect of lease liabilities reflects repayments of principal amounts.

The Company holds no lease liabilities and had net cash flows of less than £0.1 million (2022: less than £0.1m) arising from financing activities during the period.

32. Commitments

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

Group	**2023 £m**	2022 £m
Property, plant and equipment	**2.0**	2.3
Intangible assets	**1.8**	2.0

Leases
The Group leases various retail stores, offices, warehouses and equipment under non-cancellable lease arrangements. The liabilities for these leases are recorded on the Group's balance sheet when the Group obtains control of the underlying asset. The Group has additional commitments relating to leases where the Group has entered into an obligation but does not yet have control of the underlying asset and in respect of variable lease payments. Lease commitments are less than £0.1m for both periods presented.

The Company had no capital commitments or commitments to leases at either period end.

Inventory purchase commitments

Group	**2023 £m**	2022 £m
Finished goods	**2.9**	1.8
Components	**3.0**	2.0
Raw materials	**1.5**	2.9

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

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

33. Contingencies

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

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

For the 52 weeks ended 28 May 2023, the subsidiary companies listed below are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A. As a result, the Company guarantees all outstanding liabilities to which the subsidiary companies are subject.

Name of undertaking	Country of incorporation or registration	Company registration number
Games Workshop Limited	England and Wales	1467092
Games Workshop International Limited	England and Wales	2924330
Games Workshop US Limited	England and Wales	7462905
Games Workshop US (Holdings) Limited	England and Wales	4428814
Games Workshop Step One Limited	England and Wales	12448253

The Group has provided a guarantee of £0.1m (2022: £0.1m) to the Canada Revenue Agency in relation to the non-resident sales tax returns of Games Workshop Limited.

34. Related party transactions

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

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

Transactions between the Company and its subsidiaries are shown below:

Subsidiary	Nature of transaction	**2023 £m**	2022 £m
Games Workshop Limited	Recharges	**0.4**	0.4
	Dividend received	**133.4**	105.0
	Interest on loan received	**1.8**	-
Games Workshop International Limited	Dividend received	**2.4**	0.9
Games Workshop Retail Inc.	Interest on loan paid	**(1.8)**	-

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

	Amount owed by subsidiaries		Amount owed to subsidiaries	
Subsidiary	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Games Workshop Limited	**6.2**	8.2	**-**	(0.3)
Games Workshop (Queen Street) Limited	**-**	-	**(0.1)**	-
Games Workshop Retail Inc.	**0.1**	0.2	**-**	-
Games Workshop Good Hobby (Shanghai) Commercial Co. Ltd	**0.1**	0.1	**-**	-
Games Workshop Deutschland GmbH	**-**	-	**-**	(0.1)
	6.4	8.5	**(0.1)**	(0.4)

Loans outstanding between the Company and its subsidiaries are shown below:

	Amount owed by subsidiaries		Amount owed to subsidiaries	
Subsidiary	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Games Workshop Limited	**3.9**	3.9	**(20.7)**	(27.7)
Games Workshop Retail Inc.	**20.7**	27.7	**-**	-
Games Workshop Interactive Limited	**6.8**	6.8	**-**	-
Less provision for impairment	**(6.8)**	(6.8)	**-**	-
	24.6	31.6	**(20.7)**	(27.7)

35. Share-based payments

Options to acquire share capital of the Group have been granted to eligible employees who enter into a sharesave contract. Participation in the sharesave scheme is offered to all employees of the Group who have been employed for a continuous period determined by the board. Under the sharesave contract, participating employees are granted a share option, giving the future right to purchase shares in the Company at a 15%-20% discount on the share price at the time of the invitation. Employees save a regular sum each month up to a maximum of £500 per month for three years, or for two years for the US. At the end of this period, on completion of the contract, employees immediately have six months to exercise their options. For the US, options are exercised automatically on the maturity date.

Share options outstanding at the period end date have the following expiry date and exercise prices:

				Share options outstanding	
				2023	2022
Scheme	Grant date	Expiry date	Exercise price	No.	No.
2019 Scheme - Rest of world	25 Sept 2019	1 May 2023	£34.38	-	74,406
2019 Scheme - France	25 Sept 2019	1 May 2023	£35.87	-	521
2020 Scheme - Rest of world	23 Sept 2020	1 May 2024	£71.43	36,748	47,483
2020 Scheme - France	23 Sept 2020	1 May 2024	£76.99	465	465
2020 Scheme - USA	1 Oct 2020	1 Oct 2022	£85.65	-	2,156
2021 Scheme - Rest of world	20 Sept 2021	1 May 2025	£95.07	18,496	38,296
2021 Scheme - France	20 Sept 2021	1 May 2025	£93.46	382	421
2021 Scheme - USA	1 Oct 2021	1 Oct 2023	£87.98	1,975	2,822
2022 Scheme - Rest of world	20 Sept 2022	1 May 2026	£59.75	78,597	-
2022 Scheme - France	20 Sept 2022	1 May 2026	£60.56	592	-
2022 Scheme - USA	1 Oct 2022	1 Oct 2024	£50.26	3,707	-
				140,962	166,570

The following table summarises the movements in sharesave options during the period:

	2023		2022	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at beginning of the period	166,570	£60.74	198,021	£43.51
Granted	89,109	£59.30	49,116	£94.60
Exercised	(74,162)	£34.56	(63,636)	£29.48
Forfeited	(40,555)	£78.62	(16,931)	£74.97
Outstanding at end of the period	140,962	£67.73	166,570	£60.74

There were no exercisable shares at the end of either period.

All options granted will be equity settled.

The weighted average market price of Games Workshop Group PLC shares at the date of exercise of sharesave scheme options during the period was £67.11 (2022: £95.18).

The assessed fair values at grant date of options granted during the period were as follows:

Scheme	
2022 Scheme - Rest of world	£20.19
2022 Scheme - France	£19.87
2022 Scheme - USA	£14.99

The fair value at grant date is independently determined using an adjusted form of the Black-Scholes model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the option.

The expense or credit in respect of the share-based payments are recharged from the parent company to the subsidiary company in which the relevant employee is contracted.

FIVE YEAR SUMMARY

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Core revenue	**445.4**	386.8	353.2	269.7	256.6
Licensing revenue	**25.4**	28.0	16.3	16.8	11.3
Revenue	**470.8**	414.8	369.5	286.5	267.9
Operating profit	**170.2**	157.1	151.7	90.0	81.2
Finance income	**1.3**	0.2	0.2	0.1	0.1
Finance costs	**(0.9)**	(0.8)	(1.0)	(0.7)	-
Profit before taxation	***170.6***	*156.5*	*150.9*	*89.4*	*81.3*
Income tax expense	**(35.9)**	(28.1)	(28.9)	(18.1)	(15.5)
Profit attributable to owners of the parent	**134.7**	128.4	122.0	71.3	65.8
Basic earnings per ordinary share (pence per share)	**409.7**	391.3	372.7	218.7	202.9

FINANCIAL CALENDAR

Annual general meeting	20 September 2023
Announcement of half yearly report	January 2024
Financial period end	2 June 2024
Announcement of final results	July 2024

GLOSSARY

Alternative Performance Measures (APMs)

APM definitions	Closest equivalent IFRS measure	Reconciliation to closest IFRS measure where applicable
Core revenue Direct sales made of our core products to external customers, through the Group's network of retail stores, independent retailers and online through the global web stores	Revenue	Core revenue is reconciled to revenue in note 4 to the financial statements.
Core gross profit Core gross profit is core revenue less all related cost of sales	Gross profit	Core gross profit is reconciled to gross profit in note 4 to the financial statements.
Core operating expenses Operating expenses relating to the core business of selling directly to external customers	Operating expenses	Core operating expenses are reconciled to operating expenses in note 4 to the financial statements.
Core operating profit Core operating profit is core revenue less all related cost of sales and operating expenses	Operating profit	Core operating profit is reconciled to operating profit in note 4 to the financial statements.
Licensing revenue Income relating to royalties earned from third party licensees	Revenue	Licensing revenue is reconciled to revenue in note 4 to the financial statements.
Licensing gross profit Licensing gross profit is licensing revenue less any related cost of sales	Gross profit	Licensing gross profit is reconciled to gross profit in note 4 to the financial statements.
Licensing operating expenses Operating expenses relating to the licensing segments	Operating expenses	Licensing operating expenses are reconciled to operating expenses in note 4 to the financial statements.
Licensing operating profit Licensing operating profit is licensing revenue less all related cost of sales and operating expenses	Operating profit	Licensing operating profit is reconciled to operating profit in note 4 to the financial statements.
Revenue at constant currency **Core operating profit at constant currency** **Licensing operating profit at constant currency** Amounts for current and prior periods, stated at a constant exchange rate.	Revenue Operating profit Operating profit	These are calculated by converting underlying revenue, core operating profit and licensing operating profit amounts at local currency values for the current period at the prior period average exchange rate.

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

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

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

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