GAMES WORKSHOP GROUP PLC

Annual report 2019

FINANCIAL HIGHLIGHTS

	2019 £000	Restated 2018 £000
Revenue	**256,574**	221,304
Revenue at constant currency*	**255,295**	221,304
Operating profit - pre-royalties receivable	**69,834**	64,702
Royalties receivable	**11,365**	9,617
Operating profit	**81,199**	74,319
Profit before taxation	**81,296**	74,270
Cash generated from operations	**88,776**	82,332
Earnings per share	**202.9p**	184.3p
Dividends per share declared in the year	**155p**	126p

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*Constant currency revenue is calculated by comparing results in the underlying currencies for 2019 and 2018, both converted at the 2018 average exchange rates as set out on page 12.

CHAIRMAN'S STATEMENT

I'm delighted to report that Games Workshop's financial year ended 2 June 2019 was another great year for the Company. Revenue and profit before tax were both at record levels, revenue exceeding £250 million for the first time. Games Workshop's 2019 performance beat the 2018 result with sales and profit growth across all channels. This is the first time in the Company's history that performance in the financial year following a Warhammer 40,000 launch year has beaten the Warhammer 40,000 year!

Dividend payments in respect of the 2019 financial year amounted to 155 pence per share, compared with 126 pence per share in respect of 2018. I'm sure that Games Workshop shareholders appreciate the fact that our dividends are paid entirely out of surplus cash generated, not debt. We continue to have no borrowings.

This performance was achieved notwithstanding a busy year on other fronts: phase 1 of Leenside - our new production facility in Nottingham – was completed (on time and on budget) and commenced operations in December 2018. Phase 2 of the Leenside project is underway and is expected to be operational in Autumn 2019. Other investment projects, which Kev describes in his report later in this annual report, continue to make progress.

I would also draw to shareholders' attention the growing contribution to our performance from royalty income. There is increasing interest on the part of media businesses in Games Workshop's intellectual property - our rich fantasy worlds of Warhammer.

We continue to try to remain alert to the business risks we must address. This includes the risks which confront every business routinely – for example, finding and retaining good people, innovation, sales growth, cost control – and those which a business that has grown fast over a short period of time might consider in particular, such as the effectiveness of our operating systems, our design, development and manufacturing capacity; in short, how best to address our 'growing pains'. No easy task: your executive team has a lot on its plate.

The process of refreshing the composition of the board of the Company continues. As noted in our 2018 annual report, Chris Myatt, our senior independent director, will step down from the board at our AGM in September 2019. Chris has been a great source of clear, independent-minded advice to Games Workshop since his appointment to the board as a non-executive director in April 1996. On behalf of everyone involved in any way in Games Workshop, thank you, Chris. We will miss your contribution.

Finding new non-executive director candidates who 'fit' with Games Workshop does take time – and we believe 'fit' to be of great importance. Your board has spent a good deal of time on this exercise since our last annual report. We have however now appointed as non-executive directors John Brewis in June 2018 and Kate Marsh in July 2019. Following the 2019 AGM, your board now has in place three non-executive directors (besides me). We will commence our search for a fourth non-executive in 2019/20 and I expect my successor as non-executive chairman to be appointed from this group within the next few years. We will keep you fully updated on our progress on this front.

Our 2018 AGM had a structure similar to most other listed companies, focusing on normal AGM business. This year's AGM will be similar in format, but following the AGM this year Kev and Rachel will make a presentation about the business. And, as before, there will be the opportunity for shareholders to meet and engage with all board members and some of our senior operational team.

On the subject of trying to improve awareness generally about what we're doing at Games Workshop and in particular in the light of the MIFID II regulations, we recently appointed Edison Group, an independent research firm, to publish research into our business. You can access this on our investor relations website. I encourage you to read it! I hope you will find it informative and helpful.

Finally, and as was the case last year, I have three enjoyable responsibilities to discharge before concluding this statement:

- Firstly, to thank our executive directors and the Games Workshop team as a whole for achieving such success this year. I know you will try and keep it up. The team's performance has been fantastic.
- Secondly, to thank our loyal customers: we will do our best to continue to produce what you're looking for and to include you in the conversation.
- Thirdly, to thank you, our shareholders, for your support and your loyalty. Do please try and come to our AGM on 18 September 2019: we look forward to seeing you there.

With thanks, and best wishes.

Nick Donaldson
Non-executive chairman
29 July 2019

STRATEGIC REPORT

Strategy and objectives

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

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

Let me go through our strategy part by part:

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

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

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

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

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

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

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

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

Our key consumer facing brand is 'Warhammer'.

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

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

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

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

STRATEGIC REPORT continued

Business model and structure

We design, manufacture, distribute and sell our fantasy miniatures and related products. These are fantasy miniatures from our own Warhammer 40,000 and Warhammer: Age of Sigmar universes. Our factory, main warehouse facility and back office support functions are all based in Nottingham. We are an international business centrally run from our HQ in Nottingham, with 75% of our sales coming from outside the UK.

Design
Employing 228 people, the design studio in Nottingham creates all the IP and the miniatures, artwork, games and publications that we sell. In 2018/19 we invested £10.5 million in the studio (including software costs) with a further £3.3 million spent on tooling for new plastic miniatures. We are committed to investing in these areas at an appropriate level every year.

We design all of our products at our HQ in Nottingham. Annually, specialist staff produce hundreds of new sculpts, illustrations, rules, stories, etc. that deliver new products every week, keeping customers engaged and excited.

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) and those of others, e.g. Lord of the Rings.

Our resin miniatures, designed for more veteran 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 that. In the pursuit of ever better results we continually develop new types of paint and ways of using them with the result that our paints are used the world over - and for more than painting just our miniatures.

When not interacting with our miniatures, many customers enjoy reading stories set in our rich and immersive worlds and under our Black Library imprint we publish hundreds of titles, from short stories and audio dramas through full length novels, available in physical bookstores, third party online platforms and our own retail and other specialist stores.

Manufacture
We are proud to manufacture our product in Nottingham. It's where we started and where we intend to stay. During the year we completed phase 1 of our new site, considerably expanding our production capacity, and phase 2, an expansion of our tooling facility and additional office space, is ongoing with completion expected in the Autumn of 2019.

Logistics
All of our product is initially distributed from our warehouse facility in Nottingham. This facility supplies our two hubs in Memphis, Tennessee and Sydney, Australia, and then directly to our independent retailers and retail stores. A project to extend and upgrade the Memphis facility was started in March 2019.

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

Retail - provides the focus for the Warhammer Hobby in their areas. Our stores only stock Games Workshop product. They are where we recruit the majority of our new customers. To do so, the stores don't offer the full range of our product, only new release product and the appropriate extended range. At the year end we had 517 Games Workshop stores in 23 countries. Our stores contributed 34% of the year's sales. We have 410 one man stores: small sites, each one staffed by only one store manager. We also have 107 multi-man stores, which are constantly reviewed to ensure they remain profitable. If not, they will be closed and probably replaced with one man stores.

Trade - we sell to third party retailers under closely controlled terms and conditions. They help us sell our products around the world and importantly in areas where we don't have our own stores. Independent retailers are an integral part of our business model: Games Workshop strives to support those outlets which help to build the Warhammer Hobby community in their local area. The bulk of these sales are made via our telesales teams based in Memphis and Nottingham. We also have small telesales teams in Sydney, Tokyo, Shanghai, Singapore, Hong Kong and Kuala Lumpur. In 2018/19 we had 4,700 independent retailers (2018: 4,100) in 69 countries. We strive to deliver excellent service, operating in 22 languages covering all time zones. 47% of our sales came from sales to independent retailers in the year reported. These sales are from their bricks and mortar stores as well as their own online web stores.

Online - sales via our web stores accounted for 19% of total sales in 2018/19. All of our retail stores also have a web store terminal that allows our customers shopping in our retail stores access to the full range. The web stores are run centrally from Nottingham.

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

Business model and structure continued

Sell continued

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

Structure

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

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

Our channel sales structure comprises retail, trade and online. This structure is made up of two key retail territory heads of sales in North America and the Rest of the World. We also have a global head of trade sales and a global head of online along with a head of sales for Asia. A global head of digital and community marketing and a global head of merchandising and logistics support our sales channels with appropriate internal and external communication. The global head of merchandising and logistics also manages our three main warehouse facilities in Nottingham, Memphis and Sydney.

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

Key performance indicators

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

Our key financial performance indicators are:

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

Monthly, year to date and MAT Group gross margin
Measures the gross profit achieved on sales after taking account of the direct costs and depreciation of manufacturing equipment and shipping our product to customers/stores on a monthly, year to date and rolling 12 month basis: see page 10.

Year to date core business operating profit percentage
The ratio of core business operating profit before royalty income against revenue, as a percentage: see page 10.

Monthly, year to date and MAT core business profit
Measures gross profit less operating expenses on a monthly, year to date and 12 month rolling basis, before royalty income: see page 10.

Number of own stores by territory
Measures the number of our own stores which is an indicator of our global reach: see page 9.

MAT number of ordering stockist accounts by territory
Measures the number of trade outlets that have ordered from us in the last six months. It is an indicator of our global reach and the health of our trade account base: see 'Trade' paragraph on page 4.

Return on capital
The ratio of operating profit before royalty income against capital employed, as a percentage: see page 11.

Our key non-financial performance indicators are:

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

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

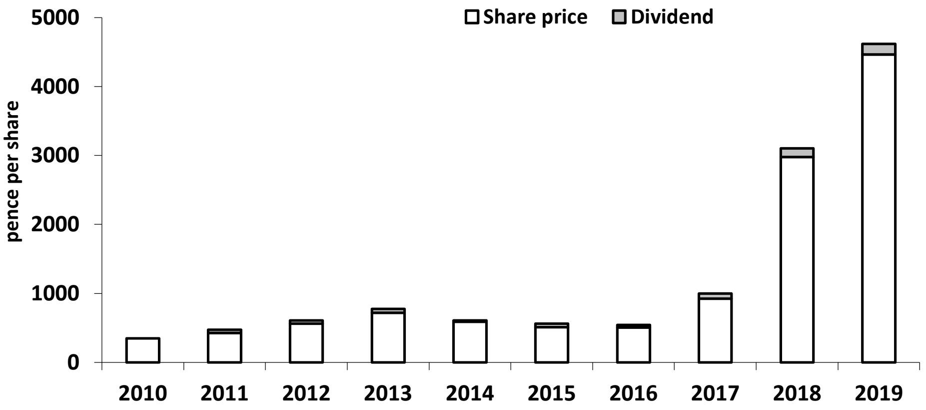
STRATEGIC REPORT continued

Key performance indicators continued
Customer engagement
We measure this through our owned content channel warhammer-community.com and reach delivered through our social platforms: see page 10.

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.

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



Review of the year

Core business
Another record performance from the global Games Workshop team. Well done to you all, thank you.

I am pleased to report a third year of record constant currency sales, profit, cash generation and returns to shareholders. We enjoy setting new records at Games Workshop and beating last year's record beating year with an even better year highlights the progress we are making. I'm sure next year will be just as exciting!

Our success has come from remaining true to our long-term strategy. We have once again delivered on our promise to produce and sell the best fantasy miniatures in the world, engaging and inspiring our fans. In fact, in the year we engaged with more customers than ever before. We continue to work hard, have some fun and make the Warhammer Hobby ever better.

Breaking records for three years in a row sets the bar higher and higher and so, to be realistic, I will continue to make no promises that we will continue to grow. That said, I do not see anything significant that will get in the way. We will continue to deliver our operational plan, facing any challenges head on. Our strong culture, built on teamwork and collaboration, continues to give ourselves the best chance of success. Games Workshop is the best fantasy miniatures company in the world and the whole team are very proud of that. We are doing everything we can to ensure we remain the best, forever.

Media and entertainment
We have spent a considerable amount of time and money over the last 30 years developing some of the world's best stories and characters set in our Warhammer universes. Over the last few years we have been exploring how we develop this as digital content particularly in animation and TV. This month, July 2019, we took a major step into this industry and announced that we had signed a development agreement with a script writer, show runner and production company to bring one (we have many more) of our famous stories and characters in our Warhammer 40,000 universe to TV. In this case, a story based on one of our most popular Black Library novels, Eisenhorn. With this agreement, Warhammer on screens both large and small is ever closer to being a reality. To say we are excited would be an understatement! And while it's still early days, we think this is a step in the right direction.

Media and entertainment continued
In addition to this exciting venture, we have also finished development and begun production on an animated series, Angels of Death. This puts our fan favourites, the Space Marines, front and centre. It's set to be a dark, moody tale that showcases the grimdark of our Warhammer 40,000 IP. We're still exploring distribution methods, and it might well be that Angels of Death launches on our own Warhammer TV.

We are eager to learn about the new 'space', particularly with regards production and distribution. Whilst our short term goal is to understand how the entertainment and media industry works (it appears somewhat complex and expensive), longer term we believe we can closer integrate our media efforts within our business. We are skilled storytellers who understand our IP better than anyone else. To ensure we make the most of that fact, we've formed the Warhammer Story Forge, a group of creatives who are both skilled writers and Warhammer experts. Together they have been and will continue to develop outlines, scripts and stories for media projects. Their creativity and passion will ensure we delight fans, deliver amazing Warhammer content to whole new audiences, and protect the integrity of our IP.

We believe this is just the beginning of what will be exciting times for both our Citadel and Forge World miniatures fans, and fans of Warhammer everywhere.

Update on priorities for 2018/19
In the year, we focused on the following initiatives designed to help us support all of our staff and continually improve their performance:

Staff recruitment, training and development
We have great staff and our ongoing success relies on us developing the talent we have and finding more people to join our global team.

Following the successful launch of our global recruitment website and applicant tracking system in April 2018, we added an onboarding online service tool in March 2019. We are also making good progress in choosing a new e-learning tool for our retail store managers which will allow us to complement our quarterly retail training with regular updates. In February 2019 we launched a new monthly Games Workshop Global Communication Forum at which my senior team and I regularly update staff representatives on each area of our business. As we grow it is ever more important that our staff know how their hard work not only helps their teams deliver their goals but also helps me deliver Games Workshop's strategic goals. Our successes are always built on a global team effort.

In line with our expectations and cost conscious plan, our headcount has risen from 1,654 to 2,110 over the last five years. To ensure we have the right people in the right jobs at the right time, in February 2019 I appointed a global head of people. The team will deliver a step change in how we link job specifications, training, core KPIs and staff development to remuneration. All of our staff globally will be offered the tools they need to improve their performance as well as the wellbeing support they may need at work. I am committed to ensuring Games Workshop continues to be a place where we can improve ourselves and our performance. Our continued focus on an individual's values, behaviour and skills will be integral to these plans.

Initiatives for recruiting new customers and retaining existing customers in the Warhammer Hobby
- We opened 40 of our own stores, mostly in our one man store format in North America.
- We opened 600 more trade accounts in line with our well established terms and conditions, selling independent accounts our best selling products and, where appropriate, the extended range.

With the long term in mind, we have also been working on some new product initiatives and programmes focused on the long term to help introduce people to the Warhammer Hobby:

- Warhammer Schools Alliance Programme - The Warhammer Alliance packs are for teachers of students between 12 and 18 years old and are an opportunity for young hobbyists to share their passion with other like-minded students. The programme was developed in collaboration with STEM teachers to complement their approach to learning. Currently we have over 2,300 schools in the UK, North America, Australia and Asia receiving our schools packs, with more schools joining every day.
- UK Scouts partnership - Warhammer is an official partner to the Scouts in the UK. We joined forces in March 2019 to sponsor the model maker activity badge. Scouts all across the UK will be able to begin their Warhammer journey via a special activity pack.
- Duke of Edinburgh's Award scheme - We're also now very proud to be registered and involved with the Duke of Edinburgh's Award scheme, a UK based youth programme.

To further support each of these great schemes, we've set up a bespoke website. Warhammer-alliance.com will act as a content and resource hub to enable these groups, and others in the future, to get involved and explore the Warhammer Hobby.

- 'Warhammer 40,000 Conquest' - a weekly part-work magazine, launched in the UK, Spain and Australia with launches in Germany, Italy and France later this year. To date we have 14,000 subscribers.
- 'Space Marine Heroes' - our push off the frame and push fit miniatures, sold as blind collectibles. Originally launched in Japan in September 2017, Series 1 was launched globally in November 2018.

STRATEGIC REPORT continued

Update on priorities for 2018/19 continued

Range

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

As Warhammer is a hobby it is always our goal to allow our customers to have as much fun with our Warhammer miniatures, paint and games as they choose. To achieve this over the last few years our range has become ever more exciting, with new miniatures from our two core systems released every month. To ensure we have the right product at the right place at the right time, we have been investing in our merchandising and logistics team throughout the period. This has enabled us to implement a product category approach and extend our range planning time horizon to support more effective product launches and to minimise waste. In August 2018 we implemented a new forecasting tool which is supporting improvements in customer service and product availability. This tool will help us to manage our stock levels better too, a challenge we have been working to address.

At the heart of our range is our core IP and the core product lines that support it. We are committed every year to further extending the Warhammer worlds through great products: it is what we are great at and one of the key things that drives success.

Core systems and manufacturing and warehousing capacity

We focused on the following initiatives to ensure we keep the lights on and have enough capacity to allow us to deliver our operational plan:

European ERP

We are in the process of replacing our enterprise resource planning systems (core back office systems) for the UK and European businesses. Following our move to a more agile methodology some phases of this complex project are now live with the remaining phases planned to go live in 2020.

Design to manufacture

Design studios

We have significantly increased the number of new releases in the last few years, for our core brands (Warhammer 40,000 and Warhammer: Age of Sigmar) and our secondary ranges, with the intent of providing customers ever greater breadth and depth in their hobby. Kill Team provided new ways to collect and play with your Warhammer 40,000 miniatures, exciting both new and existing hobbyists alike and Soul Wars, the Warhammer: Age of Sigmar launch, kick-started a year of great new miniatures.

Following the successful introduction of Blood Bowl (2017) and Necromunda (2018), this year we launched two additional secondary offers - Adeptus Titanicus, giant war machines from our Warhammer 40,000 universe, and Middle-earth Strategy Battle Game, covering both the Hobbit and Lord of the Rings films and books. Both exceeded our expectations.

We remain focused on delivering great value and constantly balance the cost of designing our new releases with the sales they generate. Studio payroll costs have increased by £1.2 million to £8.1 million; as a percentage of Group revenue they remain at 3.1%.

Manufacturing

Phase 1 of our new factory went live in December 2018. It looks and smells very clean and it has quickly become a great place to work. The design to manufacturing team is working on a solid plan to optimise production efficiencies and fully utilise the facility. Phase 2, scheduled to complete in the Autumn of 2019, will deliver an expanded tool room and new R&D capabilities. The total capital cost of this new facility including the purchase of the land will be approximately £14 million.

This manufacturing investment doubled the number of plastic injection moulding machines we have available and was supported by us significantly increasing our average production staffing levels from 143 to 198 at our HQ site in Nottingham.

Production payroll costs remain a key area of focus. During the year they increased by £1.6 million to £7.5 million; as a percentage of Group revenue they have increased by 0.2% to 2.9%. We expect this percentage to stay at similar levels in the year ahead.

Warehousing

In November 2018 we recruited a new group logistics manager who, with the support of their team, is now implementing an operational plan to upgrade our main warehouse facilities.

North America

We have been at the facility in Memphis, Tennessee for over 16 years and following a thorough review decided to stay at this location. In January 2019 we agreed with the landlord to extend our lease and they have agreed to extend the footprint of the facility from 100k sq ft to 150k sq ft. We are investing c. £5 million in new warehousing fixtures and fittings and technology. This project started in May 2019 and is due for completion in 2020.

Update on priorities for 2018/19 continued

Warehousing continued

UK

We have been at our own warehousing facility at Nottingham for the last 14 years which we have now outgrown. We will be moving to a purpose built rented facility less than 11 miles from our HQ and will be investing c. £5 million in new warehouse fixtures and fittings and technology. This project will start in the Autumn of 2019. The current warehouse at our HQ will become our component warehouse, saving on third party costs.

Logistics costs continue to be an area of focus. Total warehousing costs have increased by £2.7 million to £9.5 million, as a percentage of Group revenue they have increased from 3.1% to 3.7%. We would expect this percentage to rise to c. 5% at similar sales levels following the investments above.

Digital asset management (DAM)

DAM is a business process for organising, storing and retrieving digital assets, e.g. photos, artwork, videos, and other multimedia content. This investment will ensure we can sleep at night knowing that we can easily archive, preserve, locate and retrieve any assets based on the IP that we own. From those generated by our licensing partners in their computer games to our own marketing content and product designs. The project started in January 2019 and the software and infrastructure are now live.

Sales

Sales by segment

	52 weeks to 2 June 2019 Constant currency	Restated 53 weeks to 3 June 2018 Constant currency	**52 weeks to 2 June 2019 Actual rates**	Restated 53 weeks to 3 June 2018 Actual rates	**2019 % of total sales**	2018 % of total sales
Trade	**£120.6m**	£94.4m	**£121.5m**	£94.4m	**47%**	43%
Retail	**£87.6m**	£82.0m	**£87.8m**	£82.0m	**34%**	37%
Online	**£47.1m**	£44.9m	**£47.3m**	£44.9m	**19%**	20%
Total sales	**£255.3m**	£221.3m	**£256.6m**	£221.3m		

Prior period amounts have been restated following the retrospective adoption of IFRS 15 'Revenue from contracts with customers'.

Reported sales grew by 16% to £256.6 million for the year. On a constant currency basis, sales were up by 15% from £221.3 million to £255.3 million.

Sales by channel

34% (2018: 37%) of sales were made through our own stores, 47% (2018: 43%) of sales were to independent retailers and 19% (2018: 20%) were online.

Retail

Store openings and closures during the year:

	Number of stores at 3 June 2018	Opened	Closed	**Number of stores at 2 June 2019**	**Number of one man stores at 2 June 2019**	Number of one man stores at 3 June 2018
UK	144	1	5	**140**	**100**	104
North America	134	20	1	**153**	**140**	119
Continental Europe	148	7	4	**151**	**108**	103
Australia	48	4	2	**50**	**41**	39
Asia	15	8	-	**23**	**21**	14
	489	40	12	**517**	**410**	379

We opened 40 new stores in the year including 8 relocated stores (shown within both the opened and closed store numbers above). These new stores generated £3.0 million of profitable sales. Our main focus for store openings in the year ahead will be North America and Germany. We will continue to focus on improving our existing store performance.

Retail sales grew by 7% in the year (7% at constant currency), helped by additional growth from 28 net new stores and our visitor centre delivering 9% growth. We continue to fine tune our skills-based training for all of our store managers at our retail workshops.

Trade

Sales increased by 29% during the year (28% at constant currency). We delivered growth in every major country we sell our products in thanks to the hard work of our telesales teams in Memphis, Nottingham and Sydney. Sales to trade accounts which sell primarily online continue to perform well.

Online

Sales grew by 5% (5% at constant currency). We are committed to continuous investment in our online shopping experience and it is a key area of operational focus in the year ahead.

STRATEGIC REPORT continued

Asia

China

Sales grew by 67% in the year. We continue to be patient, adopting our proven channel strategy in this region. We successfully opened our first store in the south of China, a multi man store in Shenzhen. This adds to the other successful 5 stores based in Shanghai. The product range is increasingly available in Mandarin.

To complement our traditional channel strategy, in February 2019 we launched a 'Warhammer' online store on one of China's e-commerce platforms. We are selling a limited range of items, mainly 'getting started' product and some hobby supplies.

Rest of Asia

Sales grew profitably by 23% in the year. This was driven by 22% sales growth in Japan where we now have 8 retail stores and have doubled the number of independent stores, partially thanks to the visibility and promotion of products like 'Space Marine Heroes', and the help of a few local partners.

Marketing

As ever, when we say marketing at Games Workshop, we mean engaging, informing and inspiring our global community.

We continue to be customer focused and our customers have never been more engaged - reading and interacting with more Warhammer content, more often than ever before. Warhammer-community.com, the cornerstone of our online marketing, had over 114 million page views in the period, nearly double that of the previous year. This is from over 6 million users, up 1 million from the same period last year. In the year, we also expanded our social media toolkit, using targeted content to re-engage our audience. Early indicators show a good return on spend, giving us a promising way to deliver great content to lapsed and new customers alike.

As well as supporting Warhammer 40,000 and Warhammer: Age of Sigmar with daily content, the team has focused on providing better support for new customers, developing a series of instructional How To Play videos. These have been a great success, with metrics up over 100% on the previous iterations of such videos. Once again, the team has also made space to innovate and play, experimenting with new, engaging content types, such as a live action trailer for Warcry, and a series of 'movie spoofs' to launch the Citadel Colour Contrast paint range. As a result, official Warhammer video content was viewed over 50 million times across our channels in the year.

Gross margin

Gross margin declined in the year in line with our expectations (2019: 67.5%; 2018: 71.0%). This was as a direct result of sales mix of new and existing product - 38% of sales from new releases and 62% of sales from existing product - as well as channel mix changes.

Costs

Costs have increased by £11.1 million in the year as a result of investments for the long term: £4.1 million in our store opening programme which has partially helped us to deliver organic sales growth by expanding into new geographic locations, and £2.6 million additional spend on our operations, support and marketing teams. As a direct result of our significant sales and profit growth, we rewarded all of our staff with a £1,500 discretionary payment in addition to a £1,000 profit share payment each (total cost £5.5 million; 2018: £4.8 million). We also honoured our commitment to pay 20% of any sales increase to our retail store managers (total cost £1.0 million; 2018: £2.9 million) who achieved sales growth whilst maintaining costs broadly in-line with last year. Variable costs directly attributable to sales volume growth increased by £1.6 million in the year.

Operating profit

Operating profit by segment

	52 weeks to 2 June 2019 Constant currency	Restated 53 weeks to 3 June 2018 Constant currency	**52 weeks to 2 June 2019 Actual rates**	Restated 53 weeks to 3 June 2018 Actual rates
Trade	**£44.2m**	£32.9m	**£43.7m**	£32.9m
Retail	**£10.5m**	£7.2m	**£10.4m**	£7.2m
Online	**£29.3m**	£27.9m	**£29.2m**	£27.9m
Product and supply	**£18.8m**	£23.9m	**£18.5m**	£23.9m
Royalties (net of costs)	**£10.4m**	£8.8m	**£10.6m**	£8.8m
Other costs	**£(31.4)m**	£(26.4)m	**£(31.2)m**	£(26.4)m
Total operating profit	**£81.8m**	£74.3m	**£81.2m**	£74.3m

Prior period amounts have been restated following the retrospective adoption of IFRS 15 'Revenue from contracts with customers'.

Core business operating profit (operating profit before royalty income)

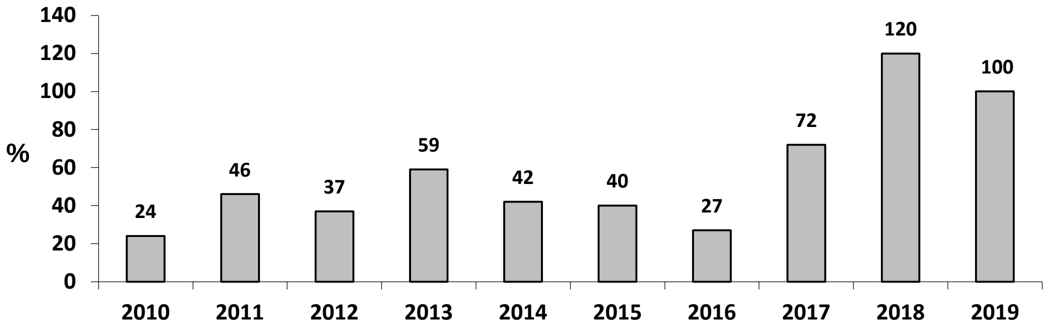
Core business operating profit grew by £5.1 million to £69.8 million (2018: £64.7 million). On a constant currency basis, core business operating profit increased by £6.0 million to £70.7 million. This was driven by improvements across all of our three main channels.

Royalty income
Royalty income increased in the year by £1.7 million to £11.4 million. This was due to the strong performances of Total War: Warhammer II and Warhammer: Vermintide 2. Reported income is split as follows: 87% PC and console games, 7% mobile and 6% other. Royalty income recognises guarantee income in full at the inception of the contract, following the retrospective adoption of IFRS 15.

Cash generation
During the year, the Group's core operating activities generated £69.0 million of cash after tax payments (2018: £66.0 million). The Group also received cash of £9.1 million in respect of royalties in the year (2018: £8.9 million). After purchases of tangible and intangible assets and product development costs of £22.5 million (2018: £21.5 million), dividends of £50.3 million (2018: £38.7 million), group profit share and discretionary payments to employees of £5.5 million (2018: £4.8 million), proceeds from the issue of ordinary share capital relating to the sharesave scheme of £0.7 million (2018: £1.0 million) and net interest and foreign exchange and gains of £0.4 million (2018: losses of £0.1 million) there were net funds at the year end of £29.4 million (2018: £28.5 million).

Dividends
We followed our principle of returning truly surplus cash to shareholders. Dividends of £50.3 million (2018: £40.6 million) were declared during the year.

Return on capital*



A key long term measure for our performance has been return on capital. During the year our return on capital fell from 120% to 100%. This was driven by an increase in in average capital employed, offset by an increase in operating profit before royalty income.

Capital employed
Average capital employed increased by £16.1 million to £70.0 million. The book value of tangible and intangible assets increased by £8.5 million, inventories increased by £5.6 million and trade and other receivables increased by £4.3 million whilst current liabilities increased by £1.4 million.

Investments in assets
This is what we have been spending your money on:

	2019 £million	2018 £million
Shop fits for new and existing stores	**1.7**	1.4
Production equipment and tooling	**7.2**	8.8
Computer equipment and software	**3.7**	2.6
Site	**3.6**	3.3
Total capital additions	**16.2**	16.1

In 2018/19 we invested £1.7 million in shop fits: 40 new stores and 12 refurbishments and in addition we have rebranded 129 stores to Warhammer. We also invested £2.1 million in tooling, milling and injection moulding and paint machines and a further £3.8 million on moulding tools. The investment in computer software relates mainly to the work on the new ERP system. The investment in site includes £2.5 million building costs to expand our production capacity in Nottingham. Capital investment is expected to be higher than depreciation and amortisation over the next few years as we increase our logistics capacity and upgrade our core back office systems in Nottingham.

Inventories
Inventories have increased by £4.0 million to meet the increased sales demand. Stock provision remains at 1.9% of sales. We continue to offer a broad range of price points and we have maintained our policy of aiming to only increase the prices of our new releases to reflect the necessary investment in our product quality. The annual impact on the average price of product sales is 3%.

Trade and other receivables
Trade and other receivables increased by £4.3 million, which includes an increase of £3.1m in respect of royalty income receivable following the adoption of IFRS 15 'Revenue from contracts with customers'.

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

STRATEGIC REPORT continued

Trade and other payables
Trade and other payables reduced by £1.1 million due to a reduction in trade payables at the period end.

Taxation
The effective tax rate for the year was 19.0% (2018: 19.9%). While we continue to expect a rate above that for a business with activities solely in the UK due to higher overseas rates, this has been offset by increased profit in stock provisions at those same rates.

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

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

Interest rate risk
Net interest receivable for the year (excluding unwinding of discounts on provisions) was £97,000 (2018: net interest payable £49,000).

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

	euro		US dollar	
	2019	2018	**2019**	2018
Year end rate used for the balance sheet	**1.13**	1.14	**1.26**	1.33
Average rate used for earnings	**1.14**	1.13	**1.30**	1.35

The net impact in the year of these exchange rate fluctuations on our operating profit was a decrease of £0.8 million (2018: decrease of £1.5 million).

Gender diversity, greenhouse gases, social, community and human rights, and employees
We report on these topics in the directors' report on pages 17 to 19.

Non-financial information statement
As highlighted in the business model section earlier in the annual report, we are a relatively complex business. With this is mind, we aim to comply with the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006 and the below table and 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	Page 18
Anti-corruption and bribery	Anti-bribery policy Anti-slavery policy Insider dealing policy Confidentiality policy Whistleblowing policy	Page 27 Page 19
Human rights	Safeguarding policy Data protection policy Dignity at work policy Equal opportunities policy	
Environmental matters	Environmental statement Product safety policy	Page 17
Business model		Pages 4 and 5
Non-financial KPIs		Pages 5 and 6
Description of principal risks		Page 14

Priorities for 2019/20

Core business
As part of our overall strategy, four key initiatives will be prioritised in 2019/20. They are broadly the same as last year. These are designed to deliver further sales growth whilst maintaining our operating profit margin, and continuing to surprise and delight our customers.

Firstly, staff recruitment and training.
We are continuing with our investment in our people. Our global people manager is in the process of strengthening her team in four key areas: staff recruitment, training, wellbeing and performance & pay. We are working on delivering a robust workforce plan to ensure we can meet our global needs today and in the near future.

Secondly, we will continue to be customer focused, better engaging our existing ones and reaching whole new audiences with the Warhammer Hobby:

- Open more of our own stores, mostly in our one man store format, in North America and in Germany. My goal is to open 25 stores (net) in 2019/20.
- We will continue to open more independent retailer accounts. This will be based on our well established terms and conditions, selling independent accounts our best selling products and, where appropriate, the extended range. The goal is to sell all of our products where our customers want to shop. We will continue the project of updating our online service tools to ensure all of our third party accounts get outrageous customer service and support.
- Continue to improve our digital marketing and customer engagement.

Thirdly, we will continue to focus on our range.
We will continue to review our core product range to ensure we have the right products in the right place at the right time. We have significantly increased the number of new releases supporting our core systems in the last few years and this will continue in 2019/20. We will continue to pilot some new product formats in new markets and look to broaden our brand awareness in Asia.

Finally, in our core business, as discussed above, with a fair wind and a bit of luck we will be celebrating the completion of some of the core IT systems and our manufacturing and warehouse capacity projects.

Non core
Media and entertainment
This is very early days for this new team. They will be working with lawyers and a small group of advisors with our new media partners on scripts that will eventually bring the worlds of Warhammer to TV and animation. In addition, we have formed the Warhammer Story Forge, a team of internal creative and trusted writers who will script and develop a series of animation projects over the coming year.

Licensing
Our licensing team will continue with the good progress they have made over the last few years. We believe our IP to be among the best in the world and we want to work with big, value-adding partners. Our licensing team will focus on signing some new AAA deals for Warhammer on mobile platforms.

STRATEGIC REPORT continued

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

- ERP change - as discussed above we are changing our core ERP system in the UK. This is a complicated project with the risk of widespread business disruption if it is not implemented well. It is being implemented and managed by a strong internal project team and specialist ERP software consultants.
- Recruitment - to always have a world class team to support our business. The risk is we compromise and recruit only for skills and not on the personal qualities we need new members of the global team to demonstrate to ensure we deliver our long-term goals. The Games Workshop recruitment process aims to ensure we recruit for attitude as well as skills, to help mitigate this risk. This end to end process starts with writing a new job specification highlighting the personal qualities needed in the job as well as the skills, through to a robust induction process which will help them be successful in their job. Our new recruitment and onboarding systems also help in ensuring the recruitment process is efficient and effective for both the new recruit and the recruiting manager.
- Supply chain - to deliver a seamless supply of products to our customers. The risk is that there are unnecessary delays or expense. Constant review by the executive directors and the rest of the board of our production and warehousing capacity ensures that issues are dealt with in an appropriate timescale. This is particularly relevant given the recent growth in sales.
- Range management - as discussed above we are reviewing our range to ensure that we are exploring all opportunities. The risk is that we don't fully exploit all the opportunities that are available to us or that we have too much stock. Our approach to managing this risk is discussed on page 8.
- Innovation - to surprise and delight our customers with ever better new miniatures and related products. The risk is that we become complacent. Our design studios are responsible for creating great new miniatures and games. The sales of new products are reviewed and assessed by the executive team and the design studios to ensure that we continue to deliver on our promise to make the best miniatures in the world.
- IP exploitation - to optimise our Warhammer brands fully, in addition to being innovative in our core business. The risks are that we do harm to the core business or that we don't take this opportunity seriously. With the appointment of our new non-executive director, Kate Marsh, the board will manage the risk going forward under the remit of a separate committee supporting the senior team on these new opportunities.
- Distractions - this is anything else that gets in the way of us delivering our goals.

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

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

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

In my opinion the greatest risk is the same one that we repeat each year, namely, management. So long as we have the right people in the right jobs we will be fine. In the past, we have had far better success when we recruit from within for our senior roles. Problems will arise if the board allows egos and private agendas to rule. I will do my utmost to ensure that this does not happen.

Summary
An amazing set of results -the best year in Games Workshop's history, *so far*. You can once again see from these results that our business and the Warhammer Hobby are in good shape.

The board and I continue to believe that the prospects for the business are good.

Kevin Rountree
CEO
29 July 2019

DIRECTORS' REPORT

The directors present their annual report together with the audited consolidated financial statements and independent auditors' report for the year ended 2 June 2019.

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

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

Dividends
Dividends of 155 pence per share (2018: 126 pence) were declared during the year (£50.3 million; 2018: £40.6 million).

Directors
The present directors of the Company are listed on page 38. All of the directors were members of the board throughout the year and up to the date of signing the financial statements with the exception of K E Marsh, who was appointed on 24 July 2019.

As the Company is part of the FTSE 250 index all directors will now be subject to annual re-election. In relation to the non-executive directors, the chairman has confirmed that, following formal performance evaluation, the performance of E O'Donnell and J R A Brewis 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. N J Donaldson 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 N J Donaldson as non-executive chairman and consider him to be effective in his role.

Directors' interests
The interests of the directors in the shares of the Company, together with details of share options granted to the directors, are disclosed in the remuneration report on page 35. 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 29 July 2019.

Information on executive directors
K D Rountree (age 49), CEO. Kevin joined Games Workshop in March 1998 as assistant group accountant. He then had various management roles within Games Workshop, including head of sales for the Other Activities division (including Black Library, licensing and Sabertooth Games). Kevin was appointed CFO in October 2008. During the year ended 29 May 2011, he took on the responsibility of managing the Group's service centres globally. To reflect this, his title was changed to chief operating officer from chief financial officer. He became chief executive on 1 January 2015. He qualified as a chartered management accountant in August 2001. Prior to joining Games Workshop, Kevin was the management accountant at J Barbour & Sons Limited and trained at Price Waterhouse.

R F Tongue (age 48), group finance director and company secretary. Rachel joined Games Workshop in September 1996 as group tax manager. She then had various accounting roles within Games Workshop and was appointed company secretary in October 2008. She has also managed the legal and compliance functions within Games Workshop since November 2012. She was appointed group finance director in January 2015. Rachel qualified as a chartered accountant in 1995 and as a chartered tax adviser in 1996 having trained with Arthur Andersen.

Information on non-executive directors
N J Donaldson (age 65). Nick Donaldson was appointed to the board on 18 April 2002 and became non-executive chairman in September 2017. A barrister by profession, Nick is a partner of London Bridge Capital Partners LLP. Nick was, until 2003, head of corporate finance at Arbuthnot Securities Limited and previously held senior investment banking positions at Robert W Baird Limited and at Credit Lyonnais Securities. He is non-executive chairman of DP Poland PLC and a director of The Fulham Shore plc.

C J Myatt (age 75). Chris Myatt is the senior independent director, joining the board on 18 April 1996. He is a chartered management accountant and was formerly managing director of a division of Tarmac PLC, chairman and non-executive director of a number of manufacturing companies and treasurer of Keele University.

E O'Donnell (age 48). Elaine O'Donnell was appointed to the board on 28 November 2013. A chartered accountant by profession, Elaine was previously a corporate finance partner with EY. She is also a non-executive director of Findel plc, On the Beach Group plc and the Merseyside Special Investment Fund and chairman of Alliance Fund Managers.

Information on non-executive directors continued
J R A Brewis (age 52). John Brewis was appointed to the board on 20 June 2018. John has over 25 years' experience in high volume manufacturing businesses and since 2004 has had various roles within Trinity Mirror Printing, including commercial director. John is currently managing director of Reach Printing Services, a division of Reach plc, formerly Trinity Mirror plc.

K E Marsh (age 57). 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 of INM PLC and Elstree Film Studios Limited. She is a senior media executive and has built and managed significant businesses across Europe. Her most recent role was as Executive Vice President for Western Europe International Networks at Sony Pictures Television. She previously held various roles at Sky, GroupM and the BBC.

Independent auditors
As at 29 July 2019, so far as each director is aware, there is no relevant audit information of which the auditors are unaware and each director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Share capital, share rights and other information
As at 29 July 2019, 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 29 July 2019 there were 32,502,716 (2018: 32,350,318) ordinary shares in issue. These ordinary shares are listed on the London Stock Exchange. All ordinary shares rank equally with respect to voting rights and the right to receive dividends. Shares acquired through the Company's share schemes rank pari passu with the shares in issue and have no special rights. The holders of ordinary shares are entitled to receive the Company's annual report, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights. There are no restrictions on transfer or limitations on the holding of any class of share and no requirements for prior approval of any transfers. The directors may refuse to register a transfer of shares if there is a failure to comply with certain requirements of the Company's articles of association. None of the shares carry any special rights with regard to control of the Company.

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

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

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

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 2 June 2019, the Company had an unexpired authority to repurchase shares up to a maximum of 3,235,031 shares. During the year no shares were purchased in the market for cancellation.

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

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

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

Corporate governance
The Company's statement on corporate governance is included in the corporate governance report on pages 21 to 24.

Sustainability
The topics below outline what we have achieved in the area to date. As we adjust to the growth of our business, these will be key areas of focus for us going forward.

Environment
Renewable energy
Since November 2018, our primary manufacturing, warehousing and head office site in Lenton, Nottingham has been powered using renewable energy and we are contracted to use renewable energy at this site until October 2020. The solar panels installed in 2017 at our Lenton site operated at 115% of expected renewable energy generation last year, producing over 410 mwh, which equates to 8% of the annual electricity required to power the HQ site. Also, as part of the development of our new Leenside factory and offices, we will be installing four charging points for staff travelling to work using electric vehicles. In addition, we plan to install additional electric vehicle charging points in our Warhammer World car park in early 2020.

Energy saving
Our energy saving steering group continues to identify, assess, implement and review energy reduction opportunities across the Group. In the last 12 months we have undergone a full air conditioning system replacement in the main building of our Lenton site, with the installation to be completed across the rest of the site in the next 12 months. The new system will be significantly more energy efficient than the old system and will allow a reduction in the use of gas fired radiators. At the same time, we continue to install replacement PIR and LED lighting systems, to continue to reduce energy consumption across our HQ site. In line with the Energy Savings Opportunity Scheme (ESOS) Regulations 2014, Games Workshop has appointed an approved ESOS lead assessor to undertake an assessment of our energy usage and identify opportunities to further reduce our energy consumption, with all such opportunities being reviewed and, where practicable, implemented.

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

We have used the methodology described in the Environmental Reporting Guidelines from DEFRA to identify our GHG inventory of Scope 1 (direct) and Scope 2 (indirect) global CO2 emissions. We have considered the six main GHGs and report in CO2 equivalent. Our data includes all manufacturing, warehousing, office and retail sites controlled globally by Games Workshop for the year to 2 June 2019. All calculations have used the 2019 DEFRA conversion factors.

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

	2018/19	2017/18
Scope 1 – tonnes CO2e	**814**	787
Scope 2 – tonnes CO2e	**4,426**	4,239
Total tonnes CO2e	**5,240**	5,026
Tonnes CO2e per sq metre	**0.070**	0.071
Tonnes CO2e per £000 of revenue	**0.020**	0.023

During the next 12 months, we will be completing an audit and calculation of Games Workshop's carbon footprint. This review is to be followed by a carbon reduction programme to deliver emissions reductions through business change initiatives across the Group.

Transport and travel
We continue to promote the liftshare, cycle to work, tram2work and Robin Hood Network schemes in respect of staff travelling to, and from, our HQ site in Nottingham. We now have 317 employees signed up to the liftshare scheme.

We continue to have a high ratio of cyclists (over 10% of employees) at our HQ site, with 207 bikes being purchased through the cycle to work scheme since Games Workshop became a member of the scheme. We currently have 247 active users of Nottingham's tram2work and Robin Hood Network travel schemes.

Product packaging
During the next 12 months, we will be reviewing Games Workshop's product packaging strategy. This review will be followed by a programme to deliver packaging reductions and sustainable packaging solutions across our full range of products.

DIRECTORS' REPORT continued

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. Since February 2019, we have been reviewing and enhancing our quality management controls within the plastic injection moulding and packing processes at our manufacturing operations in Lenton. The process and control improvements identified during this review are being implemented between June and October 2019, to be followed by an ongoing process of review and improvement.

In the past year we have had no product recalls.

Health and safety

Our customers visit our retail stores to learn about the Warhammer Hobby or chat with like-minded people - it is essential that our stores are a safe place to visit for everyone. Our store managers know that the health and safety of their customers is paramount. Over the past 12 months, significant progress has been made with the implementation of local retail health and safety guides. Our store managers are required to maintain their stores in accordance with the strict principles set out within the guides, and must submit regular audit reports in respect of the expected standards. This programme is in the process of being rolled out across all territories.

Employees

Staff onboarding

In March 2019, we implemented a new onboarding experience for all new recruits joining Games Workshop. This allows us to welcome all new starters from the moment they accept a job offer from Games Workshop through to completion of their first year of employment. We are now are in a much better place to give new staff everything they need, when they need it. We believe the employee experience is key, and getting the simple things right makes a great impression.

Staff communications

It is the Group's policy to consult on and discuss with employees, matters likely to affect employees' interests. Information on matters of concern to employees is given through reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance. In addition, in February 2019 we launched a new global communications forum to support clear and open communication between senior management and staff. This forum is intended to represent all departments, in all territories around the world, with the aim of motivating employees to give their best for Games Workshop, whilst contributing towards their own sense of personal well-being and achievement. We held elections for forum representatives in the UK in February 2019, and in North America and Europe in May 2019. We are due to be holding elections for representatives in Australia and Asia later this year, by which time the global forum will give representation for all Games Workshop staff worldwide.

Staff wellbeing

Our staff are important to us and as we grow and recruit more people into our business, we need to ensure we have a robust wellbeing programme. To that end we are currently in the process of recruiting our first wellbeing programme manager, who will be responsible for identifying the wellbeing needs of our staff and implementing wellbeing programmes and initiatives to look after all of our employees across the Group.

Apprenticeships and training

Games Workshop recruits for fit and trains for skills. With this in mind, we have formed 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 niche business. We currently have apprentices working in and being recruited for further positions across our manufacturing, engineering and web store teams.

Development

Our employees are constantly looking for ways to improve. We strive to create a culture and environment that encourages everyone to achieve their potential. Our people development team supports this, using workshops and development sessions to help staff understand that what they are like influences their behaviour, and how this behaviour impacts other people, their job and the business as a whole. Over the past 12 months, our people development team has run more than 75 open and team development workshops across the Group involving over 300 employees.

Living wage

The Group maintains the UK 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.

Employees continued

Diversity

The board believes that business can benefit from a wide range of perspectives and backgrounds. The Company's aim as regards composition of the board is that it should have a balance of attitudes and knowledge to enable each director and the board as a whole to discharge their duties effectively. Consideration is given to diversity and gender across all employees, including the board and senior management, with a view to appointing the best placed individual for each new job. The Company does not, however, consider that diversity can be best achieved by establishing specific quotas and targets.

As at the end of the financial year:

		2019			2018	
	Female	**Male**	**Total**	Female	Male	Total
The board	**2**	**4**	**6**	2	3	5
Senior management	**1**	**10**	**11**	2	8	10
Total workforce	**434**	**1,676**	**2,110**	377	1,530	1,907

Disability

The Group's policy is to consider, for recruitment, disabled workers 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 and safety

Protecting the health and safety of all our employees is a principle we hold dearly.

Over the past 12 months we have rolled out IOSH accredited safety training for all our front line managers and safety representatives across manufacturing and warehousing in Lenton, with this resulting in significant improvements in our underlying safety culture and understanding of risk across the business. To complement this training we have developed our safety audit programme across manufacturing and warehousing in Lenton, ensuring that senior managers regularly and routinely inspect all operational areas.

A suite of new reporting metrics, launched in June 2019, will allow senior managers across the business greater insight into the risk profile and safety culture of their areas of responsibility, allowing for smarter allocation of resources, ensuring we focus on the right areas and processes. The next 12 months will see accredited safety training and safety audit programmes rolled out across our Memphis and Sydney warehousing sites.

During the year there were 5 injuries reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 in the UK (2017/18: 4) and 4 recordable cases reported to the US Occupational Safety and Health Administration (2017/18: nil).

Suppliers

Ethical sourcing

We are committed to implementing effective controls to ensure good ethical sourcing standards throughout our supply chain. This commitment is driven from the CEO and the board throughout the entire Group and a commitment is expected of all who work for, or who supply into, Games Workshop.

In March 2019 Games Workshop became a buyer member of an ethical sourcing audit programme. This programme requires suppliers to uphold ethical sourcing standards to support the rights and wellbeing of workers. We have requested all suppliers of (i) products for re-sale by Games Workshop, and (ii) components and materials used within products being sold by Games Workshop, to become supplier members of the programme by September 2019, and to be fully audited and certified by March 2020. Supplier members will then be subject to an annual auditing programme to ensure that ethical sourcing standards throughout the Games Workshop supply chain are maintained.

We have also commenced a review of ethical sourcing standards across our wider supplier base, beyond suppliers of products, components and materials for re-sale. This review will be completed during the next 12 months.

Anti-slavery

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

Donations

Games Workshop does not make any donations to charities or political parties. Notwithstanding this, our employees continue to carry out fund raising events for their chosen charities, and we are fully supportive of the work our employees do.

Research and development

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

DIRECTORS' REPORT continued

Future developments
The future developments for the Group are discussed in the strategic report on pages 3 to 14.

Financial risks
The financial risks facing the Group are set out in note 21 to these financial statements.

Going concern and viability statement
Assessment of prospects
The Group operates a strategic planning process which includes monthly reviews of business and financial performance, regular financial projections and an annual planning review for the next financial year. Medium term projections (for periods ending two years and three years hence) are 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 finance director.

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

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

- A significant interruption in the supply chain impacting the manufacturing operations
- A material fluctuation of the sterling exchange rate

These possible scenarios are the same as the prior year with the exception of the exclusion of the scenario that there is a failure in the existing ERP system before the new ERP system goes live. During the period, significant phases of the new ERP system went live and we have a robust plan for the implementation of the remaining phases. The board therefore considers that this scenario is no longer a severe but plausible one and so has removed this from this year's viability assessment.

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 29 May 2022.

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

By order of the board

R F Tongue
Group finance director and company secretary
29 July 2019

CORPORATE GOVERNANCE REPORT

An introduction from our non-executive chairman
I have pleasure in introducing the corporate governance report. In this section of our annual report we have set out our approach to governance and provided further information on how the board and its committees operate. We recognise that applying sound governance principles is essential to the successful running of the Group.

As you will see below, during the year, in line with best practice, we have made some changes to our board committees. We now have three principal committees: audit and risk, remuneration and nomination. Their composition and their areas of focus are described below.

Regarding board composition, we are delighted to welcome Kate Marsh to the board as our newest non-executive director, following on from John Brewis' appointment as non-executive director in June 2018. Chris Myatt steps down from the board at our 2019 AGM and we thank him for his contribution. Chris has been our senior independent director and chairman of the audit committee since 1996. Elaine O'Donnell will succeed Chris in these roles, and John Brewis will succeed Elaine as chairman of the remuneration committee. We will resume our search for one further non-executive director in 2019/20.

We also set out below details of our board effectiveness review, which for the first time in some years was facilitated by an external third party. Succession and board and committee effectiveness continue to be important considerations for us.

This annual report covers the period to 2 June 2019 and so we are, therefore, reporting against the 2016 version of the Corporate Governance Code rather than the 2018 version of the Code ('New Code') which applies to financial periods starting on 1 January 2019. Although the New Code is not yet in force, we have already implemented some of its recommendations, most notably the introduction earlier this year of our employee communication forum. We believe that this forum has been well received by Games Workshop employees. The Board has considered the impact of the New Code and will address those areas requiring further attention over the coming year; we will report on any changes to the Company's governance framework in next year's annual report.

At our AGM this year, as usual, all of our continuing directors will be seeking appointment or reappointment (as the case may be). We look forward to meeting shareholders at the AGM.

Best regards.

Nick Donaldson
Non-executive chairman

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

This statement, together with the remuneration report on pages 28 to 36, explains how the Company has applied the principles and complied with the provisions set out in the Code.

The board operates through monthly meetings which senior executives attend on a regular basis. The board 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. This is achieved through regular visits and meetings by the non-executive directors with a variety of employees across the Group as well as attendance at the Games Workshop Global Communication Forum 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 2018/19 the board had ten scheduled meetings, each of which was attended by all members of the board. Terms of reference for the board committees (as set out below) are available on the Company's website.

The Company maintains an appropriate level of director and officer liability insurance cover and has agreed to indemnify the directors against certain liabilities as discussed in the directors' report on page 15.

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 15 to 20, to give a fair, balanced and understandable assessment of the Group's position and prospects.

CORPORATE GOVERNANCE REPORT continued

The board
The board comprises the non-executive chairman, the CEO, the group finance director and currently four further non-executive directors. It is chaired by the chairman, Nick Donaldson.

The senior independent director is Chris Myatt until the 2019 AGM, at which time Chris Myatt will retire from the board and Elaine O'Donnell will take over these responsibilities. The principal responsibilities of this role include:

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

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

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

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

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

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

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

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

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

In 2018/19 the board undertook an externally facilitated review of its performance with Independent Audit Limited, who do not have any other connection with the Company, in addition to the board's already established process for the ongoing assessment of its own performance and that of its committees. Independent Audit Limited worked with the chairman and company secretary to tailor a questionnaire covering topics including board composition, dynamics, strategic focus, oversight of risk management, meeting arrangements, board papers and the committees. This was completed by all board directors. Independent Audit Limited produced a report with suggestions for improvement, which was circulated to the whole board, and attended a board meeting to discuss the report. The results of this review were positive in how the board and committees operate and the quality of discussions during the respective meetings. The review suggested, amongst other things, that the board considers as to whether any specific skills gap exists within the current board and, if so, whether that could be filled by new non-executive directors both now and over the next few years.

The board has also completed an internal assessment to review the board's performance against those objectives and this will continue in 2019/20. The results of both reviews will inform the board's development agenda on a regular basis.

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

Audit and risk committee
The audit and risk committee currently comprises the three non-executive directors under the chairmanship of Chris Myatt who is a chartered management account. Nick Donaldson is not a member of this committee. Chris Myatt will be replaced as chairman by Elaine O'Donnell on Chris Myatt's retirement from the board at the 2019 AGM. Elaine O'Donnell is a chartered accountant and has significant relevant financial and accounting knowledge and experience. 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 auditors.

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 25 to 27.

Remuneration committee
The remuneration committee comprises the non-executive directors and is chaired by Elaine O'Donnell. After the AGM, the chairman of this committee will be John Brewis, who has served on the remuneration committee for over one year. Nick Donaldson is not a member of the committee. The remuneration committee normally meets at least twice 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 performance incentive arrangements). The procedures and guidelines used by the remuneration committee in determining remuneration are outlined in the separate remuneration report. The remuneration and nomination committee held three meetings in the year, which were attended by all members of the committee. The committee meets without the executive directors at least annually to appraise the executive directors' performance.

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 28 to 36.

Nomination committee
The new nomination committee comprises the non-executive directors and is chaired by Nick Donaldson and 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 Company and the skills and expertise needed on the board in the future. It also encourages the development of greater diversity within senior and middle management levels of the Company's businesses.

Appointments to the board
On 24 July 2019, Kate Marsh was appointed to the board as a non-executive director, effective from that date. Following the Company's recruitment procedures, the board determined that Kate Marsh would be a suitable and valuable addition to the board. Open advertising and an external search company (Nurole) were used in respect of this appointment. Nurole has no other connection with the Company.

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

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

Stakeholder engagement
The Company understands the importance of engaging with our stakeholders. We have addressed this as follows:

Shareholders
We maintain an open dialogue with our shareholders and consider the AGM to be the primary platform of communication between the Company and its shareholders. On a continuing basis the Company encourages two way communication with its institutional and private shareholders and responds promptly to queries received verbally, in writing or directly through its investor relations website investor.games-workshop.com. In addition to the annual report and half yearly report, the CEO and group finance director are available to meet and do meet with shareholders and potential shareholders to discuss any question they may have. Any issues arising at such meetings are reported to and considered by the board. 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 employees to make sure we drive the creation of value in the long term. We engage with our employees through formal and informal meetings, including the Games Workshop Global Communications Forum (GWGCF) as well as local newsletters and works councils. The matters discussed at the GWGCF in particular are circulated to the board and discussed at board meetings to ensure we understand the views and concerns of employees. Nick Donaldson is due to attend his first GWGCF meeting in October 2019 to help increase board engagement with employees.

CORPORATE GOVERNANCE REPORT continued

Stakeholder engagement continued

Customers

We engage with our customers through our retail stores, our social media sites, through warhammer-community.com and at both Games Workshop and third party gaming events. This allows two way communication with our customers. Members of the board and senior management visit retail stores as well as independent retailers to understand their 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 company 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. 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. As discussed earlier in this annual report, these suppliers have recently been asked to join an ethical sourcing audit programme to ensure our supply chain is ethical and secure.

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 2 June 2019 and 29 July 2019 have been disclosed to the Company:

	No. of shares	%
JP Morgan Asset Management (UK) Limited	2,819,538	8.7
Standard Life Aberdeen plc	2,355,660	7.2
Schroders plc	2,286,776	7.0
BlackRock Inc.	1,632,705	5.0
T H F Kirby	1,553,349	4.8
Sandford Deland Asset Management	1,125,000	3.5
The Vanguard Group Inc.	1,077,620	3.3
Working Capital Management Pte Limited	996,270	3.1

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

Statement of compliance with the UK Corporate Governance Code

The Company has complied with all of the provisions set out in the Code.

By order of the board

N J Donaldson
Non-executive chairman
29 July 2019

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 2019 when this annual report and financial statements were approved.

Committee membership
The audit and risk committee comprises the three non-executive directors under the chairmanship of Chris Myatt who is a chartered management account. Nick Donaldson is not a member of this committee. Chris Myatt will be replaced as chairman by Elaine O'Donnell on Chris Myatt's retirement from the board at the 2019 AGM. Elaine O'Donnell is a chartered accountant and has significant relevant financial and accounting knowledge and experience. The board considers that both Chris Myatt 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 and retail sector through their current and previous roles.

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

- reviewed the half-year and full-year results
- received and considered, as part of the review of the annual financial statements, reports from the external auditors in respect of the auditors' audit plan for the year and the results of the annual audit. These reports included the scope of the annual audit, the approach adopted by the auditors to address and conclude upon key estimates and other key audit areas, the basis on which the auditors assess materiality, the terms of engagement for the auditors and an ongoing assessment of the impact of future accounting developments on the Group
- considered whether the annual report is fair, balanced and understandable. In doing so, the committee reviewed and discussed with management the content and appropriateness of the information included within the 2019 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 2019 annual report taken as a whole was fair, balanced and understandable. This was on the basis that the business description, business model and strategy agreed with its own understanding of the Group, and the balance in the reporting of performance reflected both positive and negative issues and reflected the Group's activities during the year
- considered the effectiveness and independence of the external auditors and made a recommendation to the board regarding the re-appointment of PricewaterhouseCoopers LLP as external auditors
- reviewed the Company's policy on non-audit fees and ensured appropriate safeguards are in place
- considered and agreed the internal audit work programme and received regular reports on the key issues arising from its implementation during the year
- approved the recruitment of a dedicated group internal auditor to enhance and improve the internal audit work going forwards
- reviewed reports on the key business risks, including a review of the internal control processes used to identify, monitor and mitigate the principal risks and uncertainties.

The committee received, reviewed and challenged reports from management and the external auditors setting out the significant issues in relation to the 2019 annual report and made their own assessment. These issues were discussed and challenged with management during the year. They were also discussed with the auditors at the time the committee reviewed and agreed the auditors' Group audit plan and at the conclusion of the audit of the financial statements. The issues that were discussed were:

- Inventory valuation: the committee considered and agreed that the inventory provisions were appropriate given the robust formulaic process applied and the level of risk.
- Capitalisation of product development costs: the committee reviewed the accounting for and disclosure of development costs. The committee concluded that the accounting and disclosure was appropriate but that management should continue to monitor this closely in the context of product release cycles and underlying sales trends.
- The impact of the adoption of IFRS 16 'Leases' on the financial statements for the 2019/20 financial year.

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

Auditor independence
The committee reviews the independence of the external auditors by assessing the arrangements for the day to day management of the audit relationship as well as reviewing the auditors' report which describes their procedures for identifying and reporting conflicts of interest. To maintain the auditors' independence, the committee has also established the policy that the primary role of the external auditors is to perform services directly related to their audit responsibilities. Any non-audit services are approved by the committee. Non-audit fees paid to the auditors amounted to £14,000 in the year (6% of the total amount paid to the auditors in the year); this relates to the verification of retail turnover certificates for certain stores and advice in relation to executive remuneration policy. The Group uses other advisers for taxation advice and other services. The audit fees are disclosed in note 9.

AUDIT AND RISK COMMITTEE REPORT continued

Auditor independence continued
The audit and risk committee considers the re-appointment of the external auditors each year, as well as remuneration and other terms of engagement. PricewaterhouseCoopers LLP have acted as external auditors of the Group since the 2005 year end. Andrew Lyon is the audit partner. He was appointed during 2014/15, will rotate after five years and so 2018/19 is his final year. In 2014/15 the external audit was put out to a competitive tender and the committee agreed that PricewaterhouseCoopers should remain as auditors. There are no contractual obligations which restrict the choice of external auditors. We can confirm that the Company has complied with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of the Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 during the financial year.

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

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

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

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 committee has formalised a programme with activities conducted by an internal team that is independent of the area under review or by an external party, decided on a case by case basis. In either case 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.

Following a review of the effectiveness of the internal audit function, the committee can confirm that the quality, experience and expertise of the function is appropriate. In addition, the recruitment of a dedicated internal auditor was approved by the committee in May 2019 to ensure that additional focus is given to the internal audit work going forwards.

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.

The Group carried out a formal risk review in May 2019. Following completion of this review in 2019/20, work will be undertaken to measure the impact of each risk so as to better understand the mitigating actions necessary. The internal audit programme can then be aligned more closely with these principal risks.

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.
- The full year financial statements are subject to external audit and the half year financial statements are reviewed by the external auditor.

Bribery and 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.

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

By order of the board

C J Myatt
Audit and risk committee chairman
29 July 2019

REMUNERATION REPORT

Introduction
The remuneration report for the year ended 2 June 2019 has been prepared on behalf of the board by the remuneration committee in accordance with the requirements of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended, and meets the relevant requirements of the Listing Rules of the Financial Conduct Authority and the UK Corporate Governance Code.

This remuneration report is split into two parts:

- The directors' remuneration policy, which sets out the Company's policy on directors' remuneration, which took effect from the 2018 annual general meeting ('AGM') and the key factors which were taken into account in setting the policy. The directors' remuneration policy and a one off bonus payment to the executive directors of 100% of 2017/18 salary were approved by over 90% of shareholders who submitted a proxy vote at the 2018 AGM. The remuneration policy will be subject to a binding shareholder vote at least every three years.

- 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 2018/19 financial year. The 2018/19 report will be subject to an advisory vote at the 2019 AGM.

2018/19 – a year in review
It was always going to be challenging to follow the truly outstanding financial performance in 2017/18. However, in 2018/19 the Company has grown both sales and operating profit once again. Despite the challenging economic environment globally, the business has maintained momentum and for the first time sales have exceeded £250 million, surpassing a record sales performance in 2017/18 of £220 million. We are delighted that the operational changes introduced by the executive directors have continued to deliver growth and to strengthen the business.

Once again, sales have grown in all channels in both underlying sales and new releases. Operating profit has increased by 9% in 2018/19 compared to 2017/18. This financial performance is even more impressive when we consider the significant capital investment projects undertaken in 2018/19. We will be investing £14 million in total in buying the site, building and equipping a new manufacturing facility, in premises next door to our current factory in Nottingham. This has had the impact of not only of significantly increasing our capacity but also of significantly protecting and de-risking our business. We continued to invest significantly in the major ERP implementation project, a complete overhaul of our IT systems and operations, and we are pleased to have successfully delivered further phases of this project in 2018/19. Given our continued growth, we have also started major capital projects in both North America and in the UK in order to ensure that we can continue to deliver ever more efficiently to our customers and retail stores globally from a warehousing and logistics perspective and to future-proof these operations. As a result of these major capital projects return on capital, as anticipated, has fallen from 120% to 100%. In April 2018 the Company was promoted to FTSE 250 status. This status has been maintained throughout 2018/19. Dividends paid to shareholders in 2018/19 were also at an all-time high of £1.55 per share.

Especially given the inevitable executive distraction and business disruption of these major capital projects and the challengingly high comparative figures, this outstanding delivery of growth in sales, operating profits, dividends and share price in 2018/19 is deemed by the committee to be truly exceptional, beyond what was expected.

In the light of this performance, the committee has supported the executive directors' proposal to make a discretionary payment to all employees of £1,500 per employee (in addition to the maximum profit share approved at the 2018 AGM of £1,000 per employee). This has cost the company £5.5 million in total for both payments.

Note: The executive directors were paid the maximum profit share of £1,000, in line with the policy approved at the 2018 AGM.
K D Rountree also approached the committee to support a discretionary bonus of 20% of 2018/19 salary, payable in cash, to all of his direct report senior managers who have contributed to this outstanding performance. The committee was delighted to support this proposal.

In 2018, in consultation with shareholders, the committee undertook to articulate exceptional performance and to appropriately exercise its discretion in making an Exceptional Bonus Award in future years.

For the financial and operational performance reasons outlined above, the committee agreed that the threshold for 'exceptional performance' had been reached again in 2018/19. Therefore, the committee deemed it appropriate to exercise the discretion granted at the 2018 AGM to award the executive directors an Exceptional Bonus Award. In line with K D Rountree's recommendation for his direct report team, the committee recommended and approved the payment of an Exceptional Bonus Award of 20% of 2018/19 salary to each of the executive directors, judging this to be a balanced and fair reward for this strong overall team performance. In accordance with the approved policy, the executive directors are required to invest 50% of any bonus award (net of tax) into shares in the Company, and to hold these shares for a minimum of two years.

In addition, the committee approved a 3% pay rise for all employees from 1 June 2019 in order to continue to align all jobs to market rates and to reward this truly great group-wide performance.

2018/19 – a year in review continued
The committee believes that the executive remuneration benchmarking exercise conducted by PwC last year remains current. As a result it does not propose any base salary rise for the executive directors. Therefore the annual salary of K D Rountree will remain at £525,000 and the annual salary of R F Tongue will remain at £300,000.

2019/20 – the year ahead
The board takes seriously its responsibilities in applying the principles of UK corporate governance and properly incentivising executive directors, and senior management generally, forms part of this area of focus.

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 has discussed and is very mindful of the risks of incentive plans and complex bonus schemes driving short-term and/or individual behaviours which are not in the interests of the Company and its shareholders. As such, the committee has no intention of introducing any form of longer term incentives at this time. However, the committee undertakes to seek to be always 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 a board we have high performance expectations and the executive directors are even more demanding of themselves and of their teams. Consequently, due to the stretching nature of underlying performance targets for the Exceptional Bonus Award that the policy allows, the committee does not necessarily anticipate that awards will be made under the Exceptional Bonus Award each and every year.

On consulting with shareholders in 2018, the committee promised to exercise its discretion appropriately and to explain the circumstances where an Exceptional Bonus Award is paid. The committee reaffirms that promise for the year ahead.

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.

E O'Donnell
Chairman
Remuneration committee

Policy report
This part of the report sets out the directors' remuneration policy, which applies for three years from the date of 2018 AGM when it was approved by shareholders.

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

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

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

REMUNERATION REPORT continued

Remuneration policy table

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

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

Remuneration policy table continued

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

Changes to the remuneration policy

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

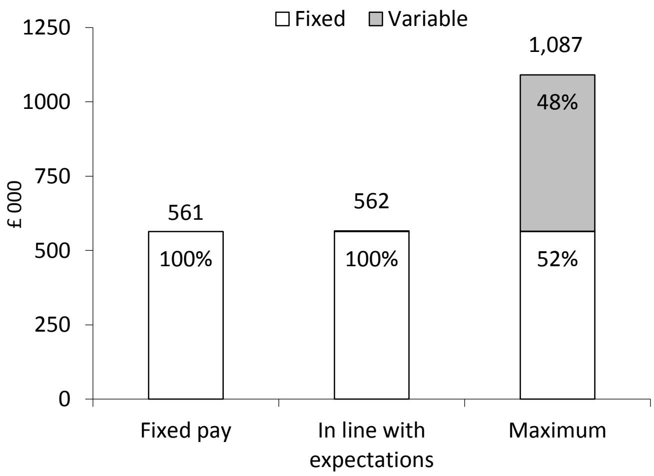
Explanation of the performance metrics chosen

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

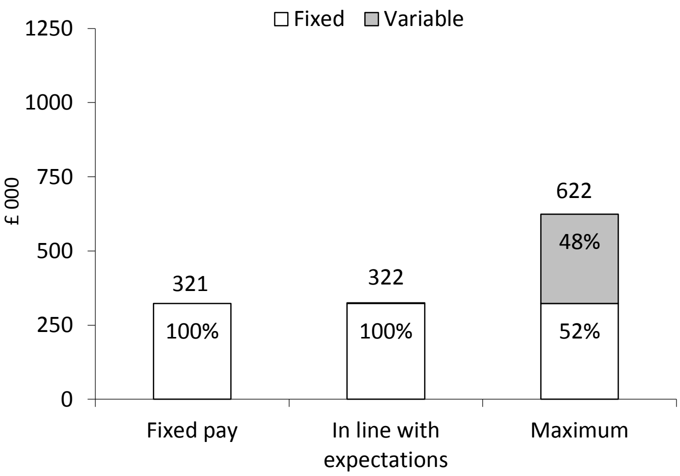
Illustration of application of the policy

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

K D Rountree



R F Tongue



REMUNERATION REPORT continued

Illustration of application of the policy continued

	Minimum	In line with expectations	Maximum
Fixed pay	Fixed elements of salary, benefits and pension. Salary is at 2 June 2019 and the value of benefits has been assumed to be equivalent to that included in the single figure remuneration table on page 33	As per minimum	As per minimum
Profit share	Nil	Up to £500 per annum	£1,000 per annum
Exceptional bonus award	Nil	Nil	100% of salary

Differences in policy from the wider employee population
The Company aims to provide a remuneration package that is market competitive, complies with any statutory requirements and is applied fairly and equitably across the wider employee population. Where remuneration is not determined by statutory regulation, the 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 market place and internal consistency
- to apply the profit share equally to all employees, including the executive directors
- to encourage employees to own shares through the operation of the sharesave scheme.

As is common practice, the Company 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 to the role and the experience of the director being appointed. Benefits, pension, profit share and the exceptional bonus award will be in line with the stated policy. Any buy-out award, should one be required, would be limited to the amount of salary that would be forgone.

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

Directors' service contracts and letters of appointment

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

Non-executive	**Date of appointment**	**Date of last re-election at an AGM**	**Notice period**
N J Donaldson	18 April 2002	19 September 2018	6 months
C J Myatt*	18 April 1996	19 September 2018	6 months
E O'Donnell	28 November 2013	19 September 2018	6 months
J R A Brewis	20 June 2018	19 September 2018	6 months
K E Marsh	24 July 2019	-	6 months

*will retire at the 2019 AGM

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

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

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

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

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

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

Engagement with the workforce in relation to explaining how executive remuneration policies align with the wider company pay policy will take place through attendance by committee members at the Games Workshop Global Communications Forum meetings.

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

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 3 June 2018 and 2 June 2019.

Year ended 2 June 2019

	Salary/fees £000	Profit share £000	Exceptional bonus award for 17/18 £000	Exceptional bonus award for 18/19 £000	Pension related benefits £000	**Total £000**
K D Rountree	551	1	410	105	10	**1,077**
R F Tongue	311	1	250	60	10	**632**
N J Donaldson	140	-	-	-	-	**140**
C J Myatt	60	-	-	-	-	**60**
E O'Donnell	52	-	-	-	-	**52**
J R A Brewis	49	-	-	-	-	**49**
Total	1,163	2	660	165	20	**2,010**

53 weeks ended 3 June 2018

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

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

The figures in the single figure tables above are derived as follows:
Salary/fees – the amount of salary/fees received in the year including any additional salary due in excess of the pension tapering limits.
Profit share – the amount of profit share earned in the year. A payment of £250 each was paid to K D Rountree and R F Tongue in 2017/18 and £1,000 each was paid In 2018/19.
Exceptional bonus award – 100% of salary was paid in respect of performance in 2017/18, which being subject to approval at the 2018 AGM was not recorded in the prior period. 20% of salary was accrued in relation to performance in 2018/19.
Pension related benefits – the cash value of pension contributions received by the executive directors. This includes the Company's contribution into the group personal pension scheme.
No taxable benefits were paid.

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

During 2018/19 and 2017/18 there were no payments made for loss of office. There were also no payments made to past directors in either the current or prior year apart from the consultancy fees paid to T H F Kirby described above.

CEO remuneration

Year	CEO	Total remuneration £000	% of maximum profit share paid ***
2019	K D Rountree	1,077	100
2018	K D Rountree	438	100
2017	K D Rountree	401	100
2016	K D Rountree	402	-
2015	K D Rountree	168	-
2015	T H F Kirby*	291	-
2014	T H F Kirby	511	-
2013	T H F Kirby	132	54
2013	M N Wells**	774	-
2012	M N Wells	319	48
2011	M N Wells	309	-
2010	M N Wells	282	100

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

Percentage change in CEO's remuneration

The table below shows how the percentage change in the CEO's salary in 2018/19 compares with the percentage change in the average salary and profit share of all employees within the Group. The committee has selected the Group's entire staff population (excluding the CEO) as these represent the most appropriate comparator.

	CEO	Wider workforce
Salary	+28.7%	+4.5%
Profit share/discretionary payment*	+400.0%	+0.0%

*Profit share payment to the CEO was £250 in 2017/18 and £1,000 in 2018/19 in accordance with the remuneration policy. The wider workforce was paid profit share of £1,000 and an additional £1,500 discretionary payment per employee in both 2017/18 and 2018/19.

Salary cost and profit share/discretionary bonus for the wider workforce have been calculated using the average exchange rates for the period ended 3 June 2018 for both years. Performance related elements of salary costs have also been excluded in both years.

Relative importance of spend on pay

The following table sets out the percentage change in dividends, profit attributable to owners and employee remuneration for the year ended 2 June 2019, compared to the 53 weeks ended 3 June 2018:

	2019 £000	Restated 2018 £000	% change
Total staff costs	**78,624**	70,223	+12.0%
Profit attributable to owners	**65,821**	59,455	+10.7%
Dividends declared and paid	**50,277**	40,602	+23.8%

Statement of voting at the last AGM

At the last AGM, significant votes on remuneration and nomination related resolutions were cast as follows:

	Votes for	% of vote	Votes against	% of vote	Votes withheld	% of vote
To re-appoint N J Donaldson	11,530,079	67.4%	4,995,743	29.2%	587,785	3.4%
To re-appoint C J Myatt	11,606,575	67.8%	4,805,313	28.1%	701,719	4.1%
To approve the remuneration report	16,158,635	94.4%	954,688	5.6%	285	0.0%
To approve the remuneration policy	15,900,981	92.9%	1,192,916	7.0%	19,710	0.1%

In line with the Investments Association's guidelines, a public statement was made regarding the significant votes against the resolutions to re-appoint N J Donaldson and C J Myatt. This stated that, following the 2018 AGM, the board actively engaged with those shareholders holding over 50,000 shares who had voted against these resolutions. The Company had not received any contact from these shareholders in advance of the 2018 AGM nor indications that they were intending to vote against any of the resolutions.

Following this request, four shareholders responded and explained that they had voted against the resolutions due to both N J Donaldson and C J Myatt being considered not to be independent due to their length of service. As discussed earlier in the report, C J Myatt will retire at the next AGM and K E Marsh has now been appointed as a new non-executive director. In addition there was concern that N J Donaldson was overboarded in terms of the call on his time. N J Donaldson's time commitments were then more fully explained to allay this concern.

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 2018/19 and how the policy will be applied during 2019/20 is set out below:

Salary and fees
In 2018 the committee undertook a benchmarking exercise performed by external remuneration advisers. This reviewed the salaries of the executive and non-executive directors in order to assess how they compared with prevailing market levels of remuneration. Changes to salary were therefore made in 2018/19.

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

Profit share
The maximum profit share that is payable is £1,000 per person per year. The performance targets are based upon Group core business operating profit percentage.

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

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

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

Remuneration and nomination committees
The remuneration committee is appointed by the board and comprises E O'Donnell (chairman), C J Myatt, J R A Brewis and K E Marsh. Following the 2019 AGM, J R A Brewis will be appointed as chairman of the remuneration committee as E O'Donnell will then become chairman of the audit and risk committee. The remuneration committee is responsible for setting the remuneration packages of the executive directors as well as approving their service contracts. The nomination committee comprises N J Donaldson, E O'Donnell, C J Myatt, J R A Brewis and K E Marsh. The nomination committee is responsible for the composition of the board. The terms of reference for both committees are available on the Company's investor relations website.

Advisers
In 2018 the committee was assisted in its work by PwC which was appointed by the Company in consultation with the committee. The committee assessed whether PwC was independent in the provision of its remuneration advice and concluded that it was independent. The amount paid to PwC during the 2018/19 year for its advice was £8,000 (2018: £15,000).

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

	As at 2 June 2019 Ordinary shares of 5p each		As at 3 June 2018 Ordinary shares of 5p each	
	Beneficial	**Non-beneficial**	Beneficial	Non-beneficial
K D Rountree	**14,928**	**-**	29,319	-
R F Tongue	**6,384**	**3,300**	4,700	3,300
C J Myatt	**66,500**	**-**	66,500	-
N J Donaldson	**10,000**	**10,000**	10,000	10,000
E O'Donnell	**3,300**	**1,793**	3,300	1,793
J R A Brewis	**-**	**-**	-	-

REMUNERATION REPORT continued

Share options

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

	At 3 June 2018	Exercised	Granted	**Number as at 2 June 2019**	Exercise dates Commencement	Expiry	Exercise price
K D Rountree	1,376	-	-	**1,376**	Nov 20	Apr 21	1307.74p
R F Tongue	1,376	-	-	**1,376**	Nov 20	Apr 21	1307.74p

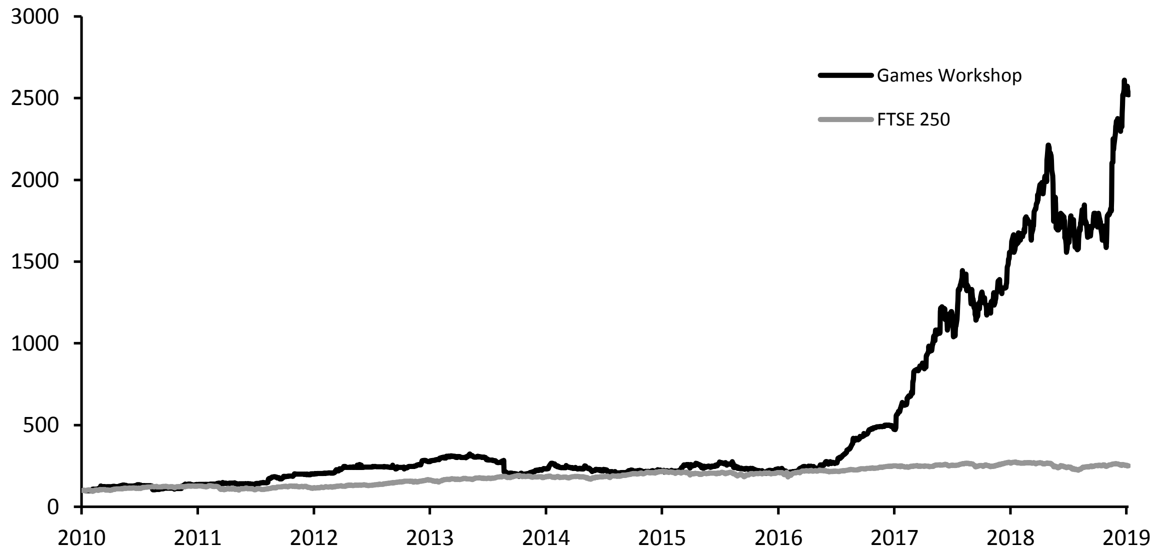
The options above were granted under the Games Workshop Group PLC 2015 Sharesave Scheme which grants options at a 20% discount on the market price at grant. Participants save a fixed amount monthly for three years in order to fund the exercise of the option. At exercise an individual may choose to exercise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

There were no movements in directors' interests in shares of the Company between 2 June 2019 and the date of this report.

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

Performance graph

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



On behalf of the board
E O'Donnell
Chairman
Remuneration committee
29 July 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the directors' remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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

Directors' confirmations

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

Each of the directors, whose names and functions are listed in the directors' report confirm that, to the best of their knowledge:

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

By order of the board

R F Tongue
Group finance director and company secretary
29 July 2019

COMPANY DIRECTORS AND ADVISERS

Directors

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

Registered office

Willow Road, Lenton, Nottingham, NG7 2WS

Registered number

2670969

Financial advisers and stockbrokers

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

Chartered accountants and independent statutory auditors

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

Registrars

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

Solicitors

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

INDEPENDENT AUDITORS' REPORT

To the members of Games Workshop Group PLC

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Group's and of the Company's affairs as at 2 June 2019 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the annual report, which comprise: the balance sheets as at 2 June 2019; the consolidated income statement and statements of comprehensive income, the consolidated and Company cash flow statements, the consolidated statement of changes in total equity and Company statement of changes in total equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

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

Other than those disclosed in note 9 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 4 June 2018 to 2 June 2019.

Our audit approach

Context

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

Overview

Materiality	• Overall Group materiality: £4,000,000 (2018: £3,727,000), based on 5% of consolidated profit before tax. • Overall Company materiality: £377,000 (2018: £384,000), based on 1% of total assets.
Audit scope	• Full scope audits, all conducted by the Group engagement team, and were performed on five separate reporting units. • The reporting units audited included the four largest trading units in the Group. • The audited units accounted for 82% of consolidated revenues and 93% of consolidated profit before tax.
Areas of focus	• Inventory valuation (Group). • Capitalisation of product development costs (Group). • IFRS 16 (Group).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

INDEPENDENT AUDITORS' REPORT continued

Capability of the audit in detecting irregularities

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of environmental regulations and unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Listing Rules and UK tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent transactions to increase the share price that would result in overstating profits, therefore raising shareholder expectations.

The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Challenging assumptions and judgements made by management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

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

Key audit matter	***How our audit addressed the key audit matter***
Inventory valuation **Group** Refer to page 11 (audit committee report) and page 63 (notes). The Group held inventory of £24.2 million as at 2 June 2019. The directors determine the provision for inventory by making assumptions about future sales by product and applying those to the current inventory holding. Inventory has increased year on year due to the performance of the business requiring higher levels of stock to be held for the operation of the business. The Group operates in a retail market where new product releases are regular. There is a risk that inventories held will not be sold and there is inherent judgement in the levels of sales the directors forecast when assessing realisable value. Over the last four years the Group has on average written off £2.2 million of inventory per annum. In order to assess the level of provision required against inventory, the directors assess forecast sales levels by product and in certain situations this calculation is subject to manual override to reflect the specific circumstances of certain inventory lines. We focused on this area because of the subjectivity around forecasting future sales performance of newly launched products, and because of the judgement that exists around the manual adjustments to the calculation.	We tested that the Group provisioning policy is in accordance with IFRSs as adopted by the EU and has been consistently applied with the exception of the increase in provisioning for products expected to be sold between 2 to 3 years from 50% provided to 100% provided. The impact of this change in management's methodology was an increase to the provision of £180,000. We understood and assessed manual overrides to the provision calculation to determine whether these adjustments were appropriate. No inappropriate adjustments were identified. We obtained an understanding of management's process for preparing future stock sales forecasts, including how these were challenged and stress-tested by the directors. We tested the integrity of the underlying calculations and assessed the assumptions over future sales forecasts by testing via recalculation the accuracy of management's historic sales forecasts compared to actual out-turn. We did not identify any material differences between historical forecasts and actual out-turn and were therefore satisfied that the directors' forecasting process was reasonable. We obtained further evidence over the valuation of the provision by comparing a sample of product lines to post year-end sales and assessing whether, post year-end sales performance suggested that additional provisions may be required. This also provided us with evidence over the accuracy of the directors' sales forecasts used in calculating the provision. No material errors were noted.

Key audit matter	*How our audit addressed the key audit matter*
Capitalisation of product development costs **Group** Refer to page 10 (audit committee report), page 52 (Critical accounting estimates and judgements) and page 60 (notes). The Group incurred £7.0 million of capitalised product development costs during the year to 2 June 2019, relating to products the Group develops to sell through its various channels. The net book value of such capitalised costs as at 2 June 2019 was £9.7 million. We focused on this area due to the inherent level of judgement around whether costs capitalised meet the recognition criteria of IAS 38 'Intangible assets' ('IAS 38'), a determination that involves management estimation in particular as regards to whether they are specific to projects which are expected to generate future cash inflows. Further, there is a risk that capitalised costs will not be supported by the future cash inflows generated from product sales.	We assessed whether the costs capitalised relating to product development met the criteria set within IAS 38 'Intangible assets' noting no exceptions. We agreed a sample of capitalised product development costs to source documentation, including invoices and timesheets, and determined that they had been allocated to the correct project. We obtained and inspected the latest forecasts in respect of projects to assess recoverability of the capitalised costs. In order to assess the accuracy of the future sales forecasts, we compared actual FY19 sales to forecasts made in previous years and evaluated the historical accuracy of the directors' estimates. We also compared performance against forecasts of sales made following the year-end. Based on this assessment, we found the directors' forecasts to be consistent with the actual historical outturn of sales and the levels of sales made post-year end. We applied sensitivity analysis to the forecasts to understand the shortfall in revenues that would be required to cause a material impairment in the carrying value of capitalised costs. We considered the shortfall required to cause a material impairment unlikely given the historical accuracy of the directors' forecasting.
IFRS 16 **Group** Refer to pages 12 and 13 (audit committee report) and page 52 (notes). The Group is applying IFRS 16 from 3 June 2019 so the expected impact on the financial statements is required to be disclosed this year in line with IAS 8. The Group has used a spreadsheet model to calculate these numbers. In addition judgements have been taken by the Group, including the discount rate to be applied.	We have obtained and inspected a sample of inputs into management's model and agreed back to the underlying lease agreements. We have recalculated the accounting entries for a sample of leases and confirmed management's model is performing this calculation accurately. We have tested the completeness of management's model from the lease commitments note in the financial statements. We have assessed the methodology applied to calculate the discount rate using an incremental borrowing rate specific to the Group in line with IFRS 16. We have considered the other assumptions to be appropriate including ensuring all the leases meet the definition of a lease under IFRS 16 and that the lease term is accurate. We have reviewed the workings for calculating the dilapidations provision and agree with the methodology applied. We have reviewed the disclosures in the financial statements and are satisfied that they are compliant with IAS 8.

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

How we tailored the audit scope

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

The Group is a vertically integrated business, as shown in note 4 to the financial statements. The group financial statements are a consolidation of a number of reporting units, comprising the Group's sales, manufacturing and distribution businesses and centralised functions, and a number of non-trading group entities.

Accordingly, of the group's reporting units, we identified five (being Head Office and four trading entities) that, in our view, required an audit of their complete financial information, either due to their size or their risk characteristics. These entities accounted for 82% of consolidated revenues and 93% of consolidated profit before tax. The audit of these five reporting units was performed by the Group engagement team. This, together with additional procedures performed, including analytical procedures and certain tests of details over specific balances and transactions, gave us the evidence we needed for our opinion on the group financial statements as a whole.

The Company is comprised of one reporting unit which was subject to a full scope audit for the purposes of the Group and Company financial statements.

Materiality

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

Materiality continued

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

	Group financial statements	***Company financial statements***
Overall materiality	£4,000,000 (2018: £3,727,000).	£377,000 (2018: £384,000).
How we determined it	5% of consolidated profit before tax.	1% of total assets.
Rationale for benchmark applied	Based on the benchmarks used in the annual report, profit before tax is the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark.	Due to the nature of the entity, being that of a holding company which has large investments, total assets is deemed the most appropriate benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £2,000,000 and £3,600,000.

We agreed with the audit committee that we would report to them misstatements identified during our audit above £150,000 (Group audit) (2018: £150,000) and £19,000 (Company audit) (2018: £19,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

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

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

Reporting on other information

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

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

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

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

Strategic report and directors' report
In our opinion, based on the work undertaken in the course of the audit, the information given in the strategic report and directors' report for the year ended 2 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06) In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the strategic report and directors' report. (CA06)period of at least twelve months from the date of approval of the financial statements.

Corporate governance report In our opinion, based on the work undertaken in the course of the audit, the information given in the corporate governance report (on pages 21 to 24) and the audit and risk committee report (on pages 25 to 27) about internal controls and risk management systems in relation to financial reporting processes in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ('DTR') is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06) In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in this information. (CA06) In our opinion, based on the work undertaken in the course of the audit, the information given in the corporate governance report (on pages 21 to 24) and the audit and risk committee report (on pages 25 to 27) with respect to the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. (CA06) We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Company. (CA06)
The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group We have nothing material to add or draw attention to regarding: • The directors' confirmation on page 14 of the annual report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. • The disclosures in the annual report that describe those risks and explain how they are being managed or mitigated. • The directors' explanation on page 20 of the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making enquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the 'Code'); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (Listing Rules)
Other Code Provisions We have nothing to report in respect of our responsibility to report when: • The statement given by the directors, on page 25, that they consider the annual report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit. • The section of the annual report on page 25 describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee. • The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.
Directors' remuneration In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006. *(CA06)*

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT continued

Responsibilities for the financial statements and the audit continued

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 17 January 2005 to audit the financial statements for the year ended 29 May 2005 and subsequent financial periods. The period of total uninterrupted engagement is 15 years, covering the years ended 29 May 2005 to 2 June 2019.

Andrew Lyon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
29 July 2019

CONSOLIDATED INCOME STATEMENT

	Notes	52 weeks ended 2 June 2019 £000	Restated 53 weeks ended 3 June 2018 £000
Revenue	4	**256,574**	221,304
Cost of sales		**(83,306)**	(64,219)
Gross profit		**173,268**	157,085
Operating expenses	4,5	**(103,434)**	(92,383)
Other operating income – royalties receivable		**11,365**	9,617
Operating profit	4	**81,199**	74,319
Finance income	7	**102**	90
Finance costs	8	**(5)**	(139)
Profit before taxation	9	**81,296**	74,270
Income tax expense	10	**(15,475)**	(14,815)
Profit attributable to owners of the parent	27	**65,821**	59,455

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

	Notes	52 weeks ended 2 June 2019	Restated 53 weeks ended 3 June 2018
Basic earnings per ordinary share	11	**202.9p**	184.3p
Diluted earnings per ordinary share	11	**200.8p**	181.6p

STATEMENTS OF COMPREHENSIVE INCOME

		Group		Company	
	Notes	52 weeks ended 2 June 2019 £000	Restated 53 weeks ended 3 June 2018 £000	52 weeks ended 2 June 2019 £000	53 weeks ended 3 June 2018 £000
Profit attributable to owners of the parent		**65,821**	59,455	**48,273**	38,494
Other comprehensive income/(expense)					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations	26	**708**	(353)	**-**	-
Other comprehensive income /(expense) for the period		**708**	(353)	**-**	-
Total comprehensive income attributable to owners of the parent		**66,529**	59,102	**48,273**	38,494

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

Prior period amounts have been restated following the retrospective adoption of IFRS 15 'Revenue from contracts with customers'. See note 3 for further details.

The notes on pages 49 to 71 are an integral part of these financial statements.

BALANCE SHEETS

		Group		Company	
			Restated		
	Notes	**2 June 2019**	3 June 2018	**2 June 2019**	3 June 2018
		£000	£000	**£000**	£000
Non-current assets					
Goodwill	13	**1,433**	1,433	**-**	-
Other intangible assets	14	**16,004**	14,195	**-**	-
Property, plant and equipment	15	**35,303**	30,072	**-**	-
Investments in subsidiaries	16	**-**	-	**30,584**	30,584
Deferred tax assets	17	**8,582**	5,704	**1**	1
Trade and other receivables	19	**3,085**	2,076	**3,958**	3,954
		64,407	53,480	**34,543**	34,539
Current assets					
Inventories	18	**24,192**	20,159	**-**	-
Trade and other receivables	19	**18,796**	15,502	**2,628**	1,506
Current tax assets		**814**	457	**-**	-
Cash and cash equivalents	20	**29,371**	28,545	**521**	2,289
		73,173	64,663	**3,149**	3,795
Total assets		**137,580**	118,143	**37,692**	38,334
Current liabilities					
Trade and other payables	22	**(19,199)**	(20,298)	**(449)**	(195)
Current tax liabilities		**(9,135)**	(7,828)	**-**	-
Provisions for other liabilities and charges	24	**(919)**	(691)	**(49)**	-
		(29,253)	(28,817)	**(498)**	(195)
Net current assets		**43,920**	35,846	**2,651**	3,600
Non-current liabilities					
Other non-current liabilities	23	**(1,010)**	(667)	**(1)**	-
Provisions for other liabilities and charges	24	**(844)**	(537)	**(1)**	-
		(1,854)	(1,204)	**(2)**	-
Net assets		**106,473**	88,122	**37,192**	38,139
Capital and reserves					
Called up share capital	25	**1,625**	1,617	**1,625**	1,617
Share premium account	25	**12,281**	11,571	**12,281**	11,571
Other reserves	26	**4,685**	3,977	**101**	101
Retained earnings	27	**87,882**	70,957	**23,185**	24,850
Total equity		**106,473**	88,122	**37,192**	38,139

The Company's profit after taxation for the year ended 2 June 2019 is £48,273,000 (2018: £38,494,000).

Prior period amounts have been restated following the retrospective adoption of IFRS 15 'Revenue from contracts with customers'. See note 3 for further details.

The notes on pages 49 to 71 are an integral part of these financial statements.

The financial statements on pages 45 to 71 were approved by the board of directors on 29 July 2019 and were signed on its behalf by:

K D Rountree, Director

R F Tongue, Director

Registered number 2670969

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Called up share capital £000	Share premium account £000	Other reserves (note 26) £000	Retained earnings (note 27) £000	Total equity £000
At 28 May 2017 and 29 May 2017 (as restated)	1,607	10,599	4,330	50,164	66,700
Profit for the 53 weeks to 3 June 2018 (as restated)	-	-	-	59,455	59,455
Exchange differences on translation of foreign operations	-	-	(353)	-	(353)
Total comprehensive (expense)/income for the period (as restated)	-	-	(353)	59,455	59,102
Transactions with owners:					
Share-based payments	-	-	-	204	204
Shares issued under employee sharesave scheme (note 25)	10	972	-	-	982
Deferred tax credit relating to share options	-	-	-	1,050	1,050
Current tax credit relating to exercised share options	-	-	-	686	686
Dividends declared to Company shareholders	-	-	-	(40,602)	(40,602)
Total transactions with owners	10	972	-	(38,662)	(37,680)
At 3 June 2018 and 4 June 2018 (as restated)	1,617	11,571	3,977	70,957	88,122
Profit for the 52 weeks to 2 June 2019	-	-	-	65,821	65,821
Exchange differences on translation of foreign operations	-	-	708	-	708
Total comprehensive income for the period	**-**	**-**	**708**	**65,821**	**66,529**
Transactions with owners:					
Share-based payments	-	-	-	339	339
Shares issued under employee sharesave scheme (note 25)	8	710	-	-	718
Deferred tax credit relating to share options	-	-	-	224	224
Current tax credit relating to exercised share options	-	-	-	818	818
Dividends declared to Company shareholders	-	-	-	(50,277)	(50,277)
Total transactions with owners	**8**	**710**	**-**	**(48,896)**	**(48,178)**
At 2 June 2019	**1,625**	**12,281**	**4,685**	**87,882**	**106,473**

Prior period amounts have been restated following the retrospective adoption of IFRS 15 ‘Revenue from contracts with customers’. See note 3 for further details.

COMPANY STATEMENT OF CHANGES IN TOTAL EQUITY

	Called up share capital £000	Share premium account £000	Other reserves (note 26) £000	Retained earnings (note 27) £000	Total equity £000
At 28 May 2017 and 29 May 2017	1,607	10,599	101	26,754	39,061
Profit for the 53 weeks to 3 June 2018	-	-	-	38,494	38,494
Total comprehensive income for the period	-	-	-	38,494	38,494
Transactions with owners:					
Share-based payments	-	-	-	204	204
Shares issued under employee sharesave scheme (note 25)	10	972	-	-	982
Dividends declared to Company shareholders	-	-	-	(40,602)	(40,602)
Total transactions with owners	10	972	-	(40,398)	(39,416)
At 3 June 2018 and 4 June 2018	1,617	11,571	101	24,850	38,139
Profit for the 52 weeks to 2 June 2019	-	-	-	48,273	48,273
Total comprehensive income for the period	**-**	**-**	**-**	**48,273**	**48,273**
Transactions with owners:					
Share-based payments	-	-	-	339	339
Shares issued under employee sharesave scheme (note 25)	8	710	-	-	718
Dividends declared to Company shareholders	-	-	-	(50,277)	(50,277)
Total transactions with owners	**8**	**710**	**-**	**(49,938)**	**(49,220)**
At 2 June 2019	**1,625**	**12,281**	**101**	**23,185**	**37,192**

The notes on pages 49 to 71 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

	Notes	Group		Company	
		52 weeks ended 2 June 2019 £000	53 weeks ended 3 June 2018 £000	**52 weeks ended 2 June 2019 £000**	53 weeks ended 3 June 2018 £000
Cash flows from operating activities					
Cash generated from operations	28	**88,776**	82,332	**47,737**	39,262
UK corporation tax paid		**(14,217)**	(10,852)	**-**	-
Overseas tax paid		**(2,079)**	(1,375)	**-**	-
Net cash generated from operating activities		**72,480**	70,105	**47,737**	39,262
Cash flows from investing activities					
Purchases of property, plant and equipment		**(13,651)**	(14,697)	**-**	-
Proceeds on disposal of property, plant and equipment		**10**	-	**-**	-
Purchases of other intangible assets		**(1,875)**	(1,496)	**-**	-
Expenditure on product development	14	**(6,962)**	(5,387)	**-**	-
Interest received		**102**	99	**54**	-
Net cash (used in)/generated from investing activities		**(22,376)**	(21,481)	**54**	-
Cash flows from financing activities					
Proceeds from issue of ordinary share capital	25	**718**	982	**718**	982
Interest paid		**(5)**	(138)	**-**	-
Dividends paid to Company shareholders	12	**(50,277)**	(38,701)	**(50,277)**	(38,701)
Net cash used in financing activities		**(49,564)**	(37,857)	**(49,559)**	(37,719)
Net increase/(decrease) in cash and cash equivalents		**540**	10,767	**(1,768)**	1,543
Opening cash and cash equivalents		**28,545**	17,910	**2,289**	746
Effects of foreign exchange rates on cash and cash equivalents		**286**	(132)	**-**	-
Closing cash and cash equivalents	20	**29,371**	28,545	**521**	2,289

The notes on pages 49 to 71 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

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

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

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

2. Summary of significant accounting policies

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

Basis of preparation

These financial statements are prepared under the going concern basis and in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IC) interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to those companies reporting under IFRSs. The Group and the Company applied for the first time IFRS 15 'Revenue from contracts with customers' and IFRS 9 'Financial instruments'. Details of the impact on transition to these standards can be found in note 3.

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

Basis of consolidation

The consolidated financial statements include the Company and its subsidiary undertakings drawn up for the 52 weeks ended 2 June 2019 and the 53 weeks ended 3 June 2018. Subsidiaries are entities over which the Group has the power to govern the financial and operating policies and are fully consolidated from the date on which control is transferred to the Group.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated on consolidation. Accounting policies of subsidiaries are consistent with the policies adopted by the Group. The management accounts of all subsidiaries prepared to 2 June 2019 and 3 June 2018 have been used for consolidation purposes.

Goodwill

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

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

Other intangible assets

Development costs

Costs incurred in respect of product design and development activities are recognised as intangible assets when they meet the criteria of IAS 38 'Intangible Assets' and are wholly attributable to specific projects. Product development costs recognised as intangible assets are amortised on a reducing balance basis with rates ranging from 50% to 80% to match the expenditure incurred to the expected revenue generated from the subsequent product release. However, there are some design costs which do not meet the recognition criteria and are therefore not capitalised, and are shown in note 9.

Computer software

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

2. Summary of significant accounting policies continued

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

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

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

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

Impairment of 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 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 performs 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 that is conditional.

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

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

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

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

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

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

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 are recognised as revenue when the Group performs under the contract.

2. Summary of significant accounting policies continued

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 years of employment (Veterans scheme). During the year the Group has extended the scheme to provide a further two weeks holiday entitlement to employees reaching 20 years of employment, and again at 30 years' service. This extension to the scheme will be honoured retrospectively for existing employees with 20 and 30 years' service. 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 payment

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

Investments

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

Revenue

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

Revenue on goods sold to customers on a sale or return basis (which includes book sales) is recognised after making full provision for the level of expected returns, based on past experience. The level of returns is reviewed on a regular basis and the provision is amended accordingly. Revenue on a sale or return basis represents no more than 3% of consolidated revenue (2018: no more than 3%).

Royalty income

Minimum royalty guarantee income is recognised in full at inception of the contract. This represents the point at which the performance obligation of the contract is met, in granting use of the Group's intellectual property. Additional royalty income is recognised in the income statement when it can be reliably measured by reference to the underlying licensee performance, after allowing for expected returns and price protection claims, as notified to the Group by the licensee and following validation of the amounts receivable by the Group.

Segment reporting

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

Taxation

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

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

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

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

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

Dividends

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

Provision for liabilities and charges

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

Provisions are made for committed costs outstanding under onerous or vacant property leases and the estimated liability is discounted to its present value. Provisions are made for property dilapidations where a legal obligation exists and when the decision has been made to exit a property, or where the end of the lease commitment is imminent and a reliable estimate of the exit liability can be made. The estimated employee benefit liability arising from the Veterans incentive scheme is classified within provisions. Amounts relating to employees who reach 10, 20 or 30 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.

NOTES TO THE FINANCIAL STATEMENTS continued

2. Summary of significant accounting policies continued

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

Financial instruments
All financial assets are classified as 'loans and receivables' and financial liabilities as 'other financial liabilities' (measured at amortised cost) in accordance with 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 that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Management consider the capitalisation of development costs and internally developed software costs to be a critical accounting judgement. Costs directly associated with the asset creation are capitalised.

New accounting standards
New standards, amendments to standards and interpretations which have been published but are not yet effective which are relevant to the Group are:

- IFRS 16 'Leases' applies to financial periods commencing on or after 1 January 2019. This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees: leases of 'low value' assets; and, short-term leases (i.e. leases with a term less than 12 months). At the lease commencement date, a liability will be recognised in respect of the future lease payments and a corresponding asset representing the right to use the underlying asset during the lease term. The interest expense incurred on the lease liability and the depreciation charged on the right to use asset will be recognised separately in the income statement.

  Certain events will result in the lease liability being re-measured (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The re-measurement will be first adjusted against the right of use asset and any excess charged to profit or loss.

  Transition to IFRS 16
  The Group will adopt the modified retrospective approach from 3 June 2019, meaning that the Group will not be restating each prior reporting period presented. The application of this new standard will have a material impact on the financial statements of the Group, because of the large number of leases on retail properties it holds. In adopting this approach, the Group intends to use the following practical expedients as offered by the standard:

  - Application of a single discount rate to a portfolio of leases with reasonably similar characteristics;
  - The use of hindsight in determining the lease term if the contract contains options to extend or terminate the lease;
  - Exclusion of initial direct costs from the measurement of the right of use asset at the date of initial application;
  - No recognition of leases whose term ends within twelve months of the date of initial application.

  The Group will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Group will not apply the standard to contracts that were not previously identified as containing a lease. The Group will elect to apply the transition exemption for leases where the underlying asset is of low value, i.e. when the underlying asset has a value of £5,000 or less when new.

  The Group will calculate and apply 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.

  The Group has performed a detailed impact statement of IFRS 16, which excludes the impact of taxation. In summary the impact of adopting IFRS 16 as at 2 June 2019 is estimated to be: an increase to the carrying value of fixed assets through the recognition of an opening right-of-use asset of c.£34.9 million, and an increase in lease liabilities of c.£34.0 million.

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

3. Change in accounting policy

The Group has applied IFRS 15 'Revenue from contracts with customers' and IFRS 9 'Financial instruments' for the first time. The nature and effect of the changes as a result of adoption of these new standards are described below.

IFRS 15 'Revenue from contracts with customers' supersedes IAS 11 'Construction contracts', IAS 18 'Revenue' and related interpretations and it applies to all revenue from contracts with customers, unless those contacts are in the scope of other standards. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted IFRS 15 using the fully retrospective transition method. The key considerations along with the impact of adopting IFRS 15 are described below:

- Advances from customers
  Under IFRS 15, minimum royalty guarantee income is recognised in full at inception of the contract. This represents the point at which the performance obligation of the contract is met, in granting use of the Group's intellectual property. Previously, this income was deferred and recognised on the balance sheet within accruals and deferred income and released in line with licensee sales.
- Delivery charges
  Under the new standard, amounts receivable from customers in respect of delivery charges are recognised as revenue. Previously, this income was offset against delivery charges within cost of sales. The impact of reclassifying delivery charges is an increase in revenue and cost of sales. There is no impact on net assets.

The impact of the change on the results was as follows:

	3 June 2018 As reported £000	Impact of change in accounting standard £000	3 June 2018 Restated £000
Revenue	219,868	1,436	221,304
Cost of sales	(62,783)	(1,436)	(64,219)
Gross profit	157,085	-	157,085
Other operating income – royalties receivable	9,893	(276)	9,617
Operating profit	74,595	(276)	74,319
Income tax expense	(14,867)	52	(14,815)
Profit attributable to owners of the parent	59,679	(224)	59,455
Retained earnings at 29 May 2017	46,296	3,868	50,164
Trade and other receivables – non-current	1,409	667	2,076
Trade and other receivables – current	13,400	2,102	15,502
Trade and other payables	(22,028)	1,730	(20,298)
Deferred tax assets	6,559	(855)	5,704
Net assets	84,478	3,644	88,122
Basic earnings per share	185.0p	(0.7)p	184.3p
Diluted earnings per share	182.3p	(0.7)p	181.6p

- Other adjustments
  In addition to the adjustments described above, upon adoption of IFRS 15, other items of the primary financial statements such as deferred taxes, segmental information, income taxes, earnings per share, financial risk factors and the cash flow statement were adjusted as necessary. The impact of these adjustments was not material to the financial statements.

IFRS 9 'Financial Instruments' replaces IAS 39 'Financial instruments: recognition and measurement'. Under this new standard, provisions for the impairment of trade receivables are recognised at an amount based on expected credit losses and are calculated from the initial recognition of the asset. Previously, provisions for the impairment of trade receivables were not recognised until there was an indication of impairment. The impact of adopting the new standard is not material to 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. At 2 June 2019, the Group is organised as follows:

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

NOTES TO THE FINANCIAL STATEMENTS continued

4. Segment information continued

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

The segment information reported to the executive directors for the periods included in this financial information is as follows:

	52 weeks ended 2 June 2019 £000	Restated 53 weeks ended 3 June 2018 £000
Trade	**121,445**	94,381
Retail	**87,803**	81,971
Online	**47,326**	44,952
Total external revenue	**256,574**	221,304

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

	52 weeks ended 2 June 2019 £000	Restated 53 weeks ended 3 June 2018 £000
Trade		
UK and Continental Europe	**51,324**	39,068
North America	**53,509**	41,818
Australia and New Zealand	**5,061**	4,340
Asia	**5,332**	3,857
Rest of world	**3,796**	2,935
Black Library	**2,423**	2,363
Total Trade	**121,445**	94,381
Retail		
UK	**27,831**	27,250
Continental Europe	**21,380**	21,303
North America	**27,428**	22,243
Australia and New Zealand	**8,316**	8,977
Asia	**2,848**	2,198
Total Retail	**87,803**	81,971
Online	**47,326**	44,952
Total external revenue	**256,574**	221,304

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

	52 weeks ended 2 June 2019 £000	Restated 53 weeks ended 3 June 2018 £000
Trade	**13,475**	11,413
Retail	**49,524**	45,992
Online	**5,668**	5,672
Product and supply	**3,789**	3,350
Central costs	**9,653**	7,598
Service centre costs	**14,700**	12,664
Royalties	**775**	686
Total segment operating expenses	**97,584**	87,375
Share-based payment charge	**339**	204
Profit share scheme charge	**2,226**	1,969
Discretionary payment to employees	**3,285**	2,835
Total group operating expenses	**103,434**	92,383

4. Segment information continued

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

	52 weeks ended 2 June 2019 £000	Restated 53 weeks ended 3 June 2018 £000
Trade	**43,688**	32,888
Retail	**10,386**	7,185
Online	**29,247**	27,880
Product and supply	**18,517**	23,887
Central costs	**(10,684)**	(8,698)
Service centre costs	**(14,695)**	(12,664)
Royalties	**10,590**	8,849
Total segment operating profit	**87,049**	79,327
Share-based payment charge	**(339)**	(204)
Profit share scheme charge	**(2,226)**	(1,969)
Discretionary payment to employees	**(3,285)**	(2,835)
Total group operating profit	**81,199**	74,319
Finance income	**102**	90
Finance costs	**(5)**	(139)
Profit before taxation	**81,296**	74,270

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

	52 weeks ended 2 June 2019 £000	53 weeks ended 3 June 2018 £000
Trade	**8**	7
Retail	**1,716**	1,586
Online	**980**	1,106
Product and supply	**11,927**	7,746
Central costs	**449**	324
Service centre costs	**816**	524
Royalties	**2**	2
Total group charges for impairment, depreciation and amortisation	**15,898**	11,295

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

	Net charge to inventory provisions		Redundancy costs and compensation for loss of office	
	52 weeks ended 2 June 2019 £000	53 weeks ended 3 June 2018 £000	**52 weeks ended 2 June 2019 £000**	53 weeks ended 3 June 2018 £000
Trade	**-**	-	**(16)**	(44)
Retail	**-**	-	**(538)**	(102)
Online	**-**	-	**-**	(12)
Product and supply	**(5,770)**	(3,960)	**(127)**	(32)
Central costs	**-**	-	**(253)**	(48)
Total group charge	**(5,770)**	(3,960)	**(934)**	(238)

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

External revenue analysed by customer geographical location is as follows:

	52 weeks ended 2 June 2019 £000	Restated 52 weeks ended 3 June 2018 £000
UK	**64,598**	52,901
Continental Europe	**64,918**	58,082
North America	**98,588**	84,136
Australia and New Zealand	**16,172**	16,456
Asia	**8,860**	6,778
Rest of world	**3,438**	2,951
External revenue	**256,574**	221,304

The Group is not reliant on any one individual customer.

NOTES TO THE FINANCIAL STATEMENTS continued

4. Segment information continued

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

	52 weeks ended 2 June 2019 £000	Restated 53 weeks ended 3 June 2018 £000
UK	**50,769**	43,350
All other countries	**5,056**	4,426
Total non-current assets (excluding deferred tax assets)	**55,825**	47,776

Tangible and intangible asset additions included within the UK were £21,087,000 (2018: £18,837,000) and all other countries were £2,045,000 (2018: £1,787,000).

5. Operating expenses

	52 weeks ended 2 June 2019 £000	53 weeks ended 3 June 2018 £000
Selling costs	**61,074**	55,639
Administrative expenses	**42,360**	36,744
	103,434	92,383

6. Directors and employees

	Group		Company	
	52 weeks ended 2 June 2019 £000	53 weeks ended 3 June 2018 £000	**52 weeks ended 2 June 2019 £000**	53 weeks ended 3 June 2018 £000
Total directors' and employees' costs:				
Wages and salaries	**68,789**	61,370	**1,982**	1,218
Social security	**6,840**	6,306	**262**	159
Other pension costs	**2,656**	2,343	**26**	24
Share-based payment	**339**	204	**-**	3
	78,624	70,223	**2,270**	1,404

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.

Total directors' and employees' costs above include the impact of foreign currency movements in the period. Total directors' and employees' costs for the Group for the 52 weeks ended 2 June 2019 calculated using the average exchange rates for the 53 weeks ended 3 June 2018 are £78,432,000. This includes performance related elements of salary costs, payments under the Group's profit share scheme and the discretionary payment to employees of £8,043,000 (2018: £7,662,000).

Highest paid director
The above includes salary costs of £551,000 (2018: £428,000) and pension costs of £10,000 (2018: £10,000) in respect of the highest paid director. Total remuneration of the highest paid director is detailed in the remuneration report.

Key management compensation
The remuneration of the directors and other key management personnel of the Group are set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

	52 weeks ended 2 June 2019 £000	53 weeks ended 3 June 2018 £000
Short-term employee benefits	**1,990**	1,278
Post-employment benefits	**20**	30
Share-based payment	**5**	3
	2,015	1,311

Further information relating to directors' emoluments, shareholdings and share options is disclosed in the remuneration report on pages 28 to 36.
In the prior period the subset of people is different to that referred to as 'senior management' on page 19. In the prior period key management were the directors of the Company and the head of design and manufacturing.

6. Directors and employees continued

Employee numbers
Group

	52 weeks ended 2 June 2019 Number	53 weeks ended 3 June 2018 Number
Monthly average number of employees (including executive directors) by activity:		
Design and development	**252**	238
Production and warehousing	**477**	381
Selling:		
- Full time	**830**	804
- Part time	**112**	102
Administration	**439**	382
	2,110	1,907

The monthly average number of employees for the Company was 8 (2018: 8).

7. Finance income

	52 weeks ended 2 June 2019 £000	53 weeks ended 3 June 2018 £000
Interest income:		
- On cash and cash equivalents	**102**	85
- Other	**-**	5
	102	90

8. Finance costs

	52 weeks ended 2 June 2019 £000	53 weeks ended 3 June 2018 £000
Interest expense:		
- Other interest payable	**5**	139

9. Profit before taxation

	52 weeks ended 2 June 2019 £000	53 weeks ended 3 June 2018 £000
Profit before taxation is stated after charging/(crediting):		
Depreciation:		
- Owned property, plant and equipment	**8,941**	6,614
Impairment/(reversal of impairment) of property, plant and equipment	**8**	(20)
Amortisation:		
- Owned computer software	**1,608**	1,419
- Development costs	**5,341**	4,130
Non-capitalised development costs	**6,367**	5,645
Staff costs (excluding capitalised salary costs shown in note 14 and non-capitalised development staff costs)	**69,276**	62,157
Operating leases:		
- Retail stores	**9,965**	9,080
- Other property	**567**	512
- Plant and equipment	**191**	186
- Other	**134**	169
Cost of inventories included in cost of sales	**39,507**	28,733
Net inventory provision creation (note 18)	**5,770**	3,960
Loss on disposal of property, plant and equipment	**144**	40
Loss on disposal of intangible assets	**188**	12
Redundancy costs and compensation for loss of office	**934**	238
Net (credit)/charge to property provisions including closed or loss making retail stores (note 24)	**(150)**	73

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

	52 weeks ended 2 June 2019 £000	53 weeks ended 3 June 2018 £000
Audit services		
Audit of the Group and Company's financial statements	**81**	64
Other services		
The audit of the Company's subsidiaries pursuant to legislation	**136**	124
All other services	**14**	50
Total services provided	**231**	238

NOTES TO THE FINANCIAL STATEMENTS continued

10. Income tax expenses

	52 weeks ended 2 June 2019 £000	Restated 53 weeks ended 3 June 2018 £000
Current UK taxation:		
UK corporation tax on profits for the period	**16,614**	13,635
Over provision in respect of prior periods	**(171)**	(160)
	16,443	13,475
Current overseas taxation:		
Overseas corporation tax on profits for the period	**1,561**	1,638
Under/(over) provision in respect of prior periods	**89**	(79)
Total current taxation	**18,093**	15,034
Deferred taxation:		
Origination and reversal of timing differences	**(2,756)**	(399)
Under provision in respect of prior periods	**138**	180
Tax expense recognised in the income statement	**15,475**	14,815
Current tax credit relating to sharesave scheme	**(818)**	(686)
Deferred tax credit relating to sharesave scheme	**(224)**	(1,050)
Credit taken directly to equity	**(1,042)**	(1,736)

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 2 June 2019 £000	Restated 53 weeks ended 3 June 2018 £000
Profit before taxation	**81,296**	74,270
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	**15,446**	14,111
Effects of:		
Items not assessable for tax purposes	**(105)**	(475)
Movement in deferred tax not recognised	**-**	(26)
Higher tax rates on overseas earnings	**39**	198
Tax rate changes	**39**	1,066
Adjustments to tax charge in respect of prior periods	**56**	(59)
Total tax charge for the period	**15,475**	14,815

A reduction in the UK corporation tax rate was included in the Finance Act 2016 to reduce the rate to 17% from 1 April 2020. This change had been substantively enacted at the balance sheet date and its impact has therefore been included in these financial statements.

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

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

At the time of writing, the terms of the UK's departure from the EU (Brexit) remains uncertain. There is significant uncertainty about the withdrawal process, its timeframe and the outcome of the negotiations. As a result, there is significant uncertainty as to the period for which the existing EU laws for member states will continue to apply to the UK and which laws will apply to the UK after an exit. At this stage the level of uncertainty is such that it is impossible to determine if, how and when the UK's tax status will change. Our preparations for varying outcomes of the Brexit negotiations, including 'no deal', are well advanced due to the potential departure dates earlier in 2019. Particular consideration has been given to the customs declarations and VAT incurred at the border to ensure these are resolved by Games Workshop and are not a concern for customers. The VAT is to become a recoverable flow through UK and European VAT returns. One of the biggest risks is the customs handling of the volume of goods at the ports which would impact the speed of fulfilment of sales orders. The business will closely monitor this. Overall the directors have assessed the impact and have not identified any significant matters impacting the financial statements.

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 2 June 2019 £000	Restated 53 weeks ended 3 June 2018 £000
Profit attributable to owners of the parent (£000)	**65,821**	59,455
Weighted average number of ordinary shares in issue (thousands)	**32,438**	32,258
Basic earnings per share (pence per share)	**202.9**	184.3

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 2 June 2019 £000	Restated 53 weeks ended 3 June 2018 £000
Profit attributable to owners of the parent (£000)	**65,821**	59,455
Weighted average number of ordinary shares in issue (thousands)	**32,438**	32,258
Adjustment for share options (thousands)	**347**	474
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**32,785**	32,732
Diluted earnings per share (pence per share)	**200.8**	181.6

12. Dividends per share

Dividends of £9,705,000 (30 pence per share), £11,323,000 (35 pence per share), £9,749,000 (30 pence per share), £8,124,000 (25 pence per share) and £11,376,000 (35 pence per share) were declared and paid during the current period.

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

For the purpose of demonstrating that there were sufficient distributable reserves for interim dividend payments, interim financial statements for the Company were prepared and filed at Companies House in January 2019 and May 2019.

13. Goodwill

Group	**2019 £000**	2018 £000
Cost		
At the beginning of the period	**2,412**	2,412
Exchange differences	**1**	-
At the end of the period	**2,413**	**2,412**
Accumulated amortisation		
At beginning of period	**(979)**	(979)
Exchange differences	**(1)**	-
At the end of the period	**(980)**	**(979)**
Net book value at beginning of period and end of period	**1,433**	**1,433**

The Company had no goodwill at either period end.

Impairment tests for goodwill

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

In accordance with the requirements of IAS 36 'Impairment of Assets' the Group completed a review of the carrying value of goodwill as at each period end. The impairment review was performed to ensure that the carrying value of the Group's assets are stated at no more than their recoverable amount, being the higher of fair value less costs to sell and value in use. The key assumptions for the recoverable amount of the goodwill are the long term growth rate and the discount rate. The long term growth rate used is purely for the impairment testing of goodwill under IAS 36 'Impairment of Assets' and does not reflect the long term planning assumptions used by the Group for any other assessments. In determining the value in use, the calculations use cash flow projections for a period no greater than three years based on plans approved by management and, for the Group's cash-generating unit concerned, assumes a long term growth rate no higher than 2% (2018: 2%). The estimated future cash flows expected to arise from the continuing use of the assets are calculated using a pre-tax discount rate of 1.41% (2018: 1.65%).

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.

NOTES TO THE FINANCIAL STATEMENTS continued

14. Other intangible assets

Group	Computer software £000	Development costs £000	Total £000
Cost			
At 28 May 2017 and 29 May 2017	15,361	34,639	50,000
Additions	1,453	5,387	6,840
Exchange differences	(85)	-	(85)
Disposals	(3)	(5,220)	(5,223)
At 3 June 2018 and 4 June 2018	16,726	34,806	51,532
Additions	1,932	6,962	8,894
Exchange differences	88	-	88
Reclassifications	49	-	49
Disposals	(178)	(965)	(1,143)
At 2 June 2019	**18,617**	**40,803**	**59,420**
Accumulated amortisation			
At 28 May 2017 and 29 May 2017	(9,430)	(27,653)	(37,083)
Amortisation charge	(1,419)	(4,130)	(5,549)
Exchange differences	84	-	84
Disposals	3	5,208	5,211
At 3 June 2018 and 4 June 2018	(10,762)	(26,575)	(37,337)
Amortisation charge	(1,608)	(5,341)	(6,949)
Exchange differences	(85)	-	(85)
Disposals	178	777	955
At 2 June 2019	**(12,277)**	**(31,139)**	**(43,416)**
Net book amount			
3 June 2018	5,964	8,231	14,195
2 June 2019	**6,340**	**9,664**	**16,004**

Amortisation of £5,598,000 (2018: £4,341,000) has been charged in cost of sales and £1,351,000 (2018: £1,208,000) in operating expenses.

The net book amount of internally generated intangible assets is £14,117,000 (2018: £12,147,000) and acquired intangible assets is £1,887,000 (2018: £2,048,000). The net book amount of internally generated development costs is £7,789,000 (2018: £7,520,000). £6,989,000 (2018: £7,202,000) is capitalised salary costs.

Salary costs of £5,161,000 (2018: £4,308,000) were capitalised as part of development costs and £400,000 (2018: £298,000) were capitalised as part of computer software during the period.

Assets in the course of development, and not amortised, amount to £311,000 (2018: £3,972,000) with current and prior period amounts both being included within computer software. The prior period total included the ERP system under development on which amortisation has now commenced.

Assets with cost and net book value of £49,000 have been reclassified from tangible computer equipment to computer software during the year.

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

15. Property, plant and equipment

Group	Freehold land and buildings £000	Plant and equipment and vehicles £000	Fixtures and fittings £000	Moulding tools £000	Total £000
Cost					
At 28 May 2017 and 29 May 2017	16,620	19,276	21,374	27,895	85,165
Additions	2,592	6,781	2,146	3,113	14,632
Exchange differences	-	(120)	(242)	-	(362)
Disposals	-	(126)	(355)	-	(481)
At 3 June 2018 and 4 June 2018	19,212	25,811	22,923	31,008	98,954
Additions	2,450	5,247	2,708	3,833	14,238
Exchange differences	-	175	442	1	618
Reclassifications	(86)	(35)	72	-	(49)
Disposals	(16)	(459)	(630)	-	(1,105)
At 2 June 2019	**21,560**	**30,739**	**25,515**	**34,842**	**112,656**
Accumulated depreciation					
At 28 May 2017 and 29 May 2017	(5,797)	(15,660)	(17,866)	(23,710)	(63,033)
Charge for the period	(378)	(1,812)	(1,563)	(2,861)	(6,614)
Exchange differences	-	116	188	-	304
Reversal of impairment	-	1	19	-	20
Disposals	-	116	325	-	441
At 3 June 2018 and 4 June 2018	(6,175)	(17,239)	(18,897)	(26,571)	(68,882)
Charge for the period	(868)	(2,881)	(1,691)	(3,501)	(8,941)
Exchange differences	-	(150)	(322)	(1)	(473)
Impairment charge	-	-	(8)	-	(8)
Disposals	7	450	494	-	951
At 2 June 2019	**(7,036)**	**(19,820)**	**(20,424)**	**(30,073)**	**(77,353)**
Net book amount					
3 June 2018	13,037	8,572	4,026	4,437	30,072
2 June 2019	**14,524**	**10,919**	**5,091**	**4,769**	**35,303**

Depreciation expense of £6,394,000 (2018: £4,254,000) has been charged in cost of sales, £1,418,000 (2018: £1,386,000) in selling costs and £1,129,000 (2018: £974,000) in administrative expenses.

Freehold land amounting to £5,569,000 (2018: £5,569,000) has not been depreciated.

Assets in the course of construction, and not depreciated, amount to £5,490,000 (2018: £3,961,000). £1,242,000 (2018: £785,000) of these are included in moulding tools, £1,458,000 (2018: £1,859,000) is included in plant and equipment and vehicles, £2,502,000 (2018: £874,000) is included in freehold land and buildings, and £288,000 (2018: £443,000) is included in fixtures and fittings above.

An impairment of £8,000 (2018: reversal of impairment of £20,000) relates to fixtures and fittings within loss making retail stores being written down to estimated value in use. This has been charged (2018: credited) to selling costs.

Included within the reclassifications are assets with cost and net book value of £49,000 which have been reclassified from tangible computer equipment to computer software during the year.

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

NOTES TO THE FINANCIAL STATEMENTS continued

16. Investments in subsidiaries

Company	**2019 £000**	2018 £000
Shares in group undertakings – cost		
Beginning of period and end of period	**30,584**	30,584

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

A list of subsidiary undertakings is given below.

Interests in group undertakings

Name of undertaking	Registered address of undertaking	Description of shares held	Proportion of nominal value of issued shares held by: Company	Proportion of nominal value of issued shares held by: Subsidiary company	Principal business activity
Games Workshop Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary	100%		Manufacturer, distributor and retailer of games and miniatures
Games Workshop Retail Inc.	6211 East Holmes Road, Memphis, Tennessee, 38141, USA	$1 common stock		100%	Distributor and retailer of games and miniatures
Games Workshop (Queen Street) Limited	3251 Yonge Street, Toronto, Ontario, M4N 2L5, Canada	Can $1		100%	Retailer of games and miniatures
EURL Games Workshop	10, Rue Joseph Serlin, Lyon, 69001, France	euro 1		100%	Retailer of games and miniatures
Games Workshop SL	Aragón 208-210, planta4 puerta 1 08011 Barcelona, España	euro 1		100%	Retailer of games and miniatures
Games Workshop Oz Pty Limited	23 Liverpool Street, Ingleburn, New South Wales 2565, Australia	Aus $1		100%	Distributor and retailer of games and miniatures
Games Workshop Deutschland GmbH	Am Wehrhahn 32, 40211 Düsseldorf, Deutschland	euro 1		100%	Retailer of games and miniatures
Games Workshop Limited	80 Queen Street, Auckland, 1010, New Zealand	NZ $1		100%	Retailer of games and miniatures
Games Workshop Italia SRL	Viale Castro Pretorio 122, 00185 Roma, Italia	euro 1		100%	Retailer of games and miniatures
Games Workshop International Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary	100%		Holding company for overseas subsidiary companies
Games Workshop US Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary		100%	Holding company for US subsidiary companies
Games Workshop US (Holdings) Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary		100%	Intermediary holding company for US subsidiary companies
Games Workshop Good Hobby (Shanghai) Commercial Co. Ltd	153-155 Xujiahui Road, Huangpu Area, Shanghai, 200021, China	Owners capital		100%	Distributor and retailer of games and miniatures
Games Workshop Trustee Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary	100%		Trustee
Games Workshop Stockholm AB	Master Samulesgatan 67, Stockholm 11121, Sweden	SEK 100		100%	Retailer of games and miniatures
Games Workshop Hong Kong Limited	3806 Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	HK $1 ordinary		100%	Distributor and retailer of games and miniatures
Games Workshop Hobby Pte. Limited	55 Tiong Bahru Road, #01-47, Tiong Bahru Estate, 160055, Singapore	SG $1 ordinary		100%	Distributor and retailer of games and miniatures
Games Workshop Malaysia Sdn. Bhd.	Level 10 Menara LGB, 1 Jalan Wan Kadir, Taman Tun Dr Ismail, 60000 Kuala Lumpur, Malaysia	MYR 1 ordinary		100%	Distributor and retailer of games and miniatures
Games Workshop Interactive Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary	100%		Dormant
Warhammer Online Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary		100%	Dormant
Citadel Miniatures Limited	Willow Road, Lenton, Nottingham, NG7 2WS, UK	£1 ordinary	100%		Dormant

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.

17. Deferred tax assets

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

	Group		Company	
		Restated		
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Deferred tax assets:				
- deferred tax asset to be recovered after more than 12 months	**6,442**	1,961	**1**	1
- deferred tax asset to be recovered within 12 months	**2,140**	3,743	**-**	-
	8,582	5,704	**1**	1

The gross movement on the deferred tax account is as follows:

	Group		Company	
		Restated		
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Beginning of period	**5,704**	5,399	**1**	29
Credited/(charged) to the income statement	**2,618**	219	**-**	(28)
Charged to opening retained earnings	**-**	(907)	**-**	-
Credited directly to equity	**224**	1,050	**-**	-
Exchange differences	**36**	(57)	**-**	-
End of period	**8,582**	5,704	**1**	1

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

Group	Accelerated depreciation £000	Profit in stock £000	Losses available for offset £000	Restated Other £000	Restated Total £000
At 28 May 2017 and 29 May 2017	1,697	1,475	934	1,293	5,399
Credited/(charged) to the income statement	162	587	(561)	31	219
Charged to opening retained earnings	-	-	-	(907)	(907)
Credited directly to equity	-	-	-	1,050	1,050
Exchange differences	(5)	-	(45)	(7)	(57)
At 3 June 2018 and 4 June 2018	1,854	2,062	328	1,460	5,704
(Charged)/credited to the income statement	(340)	1,896	27	1,035	2,618
Credited directly to equity	-	-	-	224	224
Exchange differences	(5)	-	(15)	56	36
At 2 June 2019	**1,509**	**3,958**	**340**	**2,775**	**8,582**

Other deferred tax assets include deferred tax on adjustments for inventory provisions of £497,000 (2018: £330,000), tax relief on exercise of share options of £1,656,000 (2018: £1,374,000) and tax relief on intangible assets of £153,000 (2018: £173,000), being net of a deferred tax liability arising on the restatement for IFRS 15 'Revenue from contracts with customers' of £nil (2018: £855,000).

Deferred tax assets are recognised in respect of tax losses and temporary differences to the extent that the realisation of the related tax benefit through future taxable profits is probable. This is based on a review of the track record of profitability in the country concerned. There was no unrecognised deferred tax at 2 June 2019 or 3 June 2018 in either the Group or the Company.

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

Company	Accelerated depreciation £000	Other £000	Total £000
At 28 May 2017 and 29 May 2017	1	28	29
Charged to the income statement	-	(28)	(28)
At 3 June 2018	1	-	1
Charged to the income statement	-	-	-
At 2 June 2019	**1**	**-**	**1**

18. Inventories

Group	**2019 £000**	2018 £000
Raw materials	**807**	425
Work in progress	**949**	873
Finished goods and goods for resale	**22,436**	18,861
	24,192	20,159

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

During the period, the Group utilised an inventory provision of £5,257,000 (2018: £1,606,000) and £5,770,000 (2018: £3,960,000) has been charged to the income statement.

The Company holds no inventories at either period end.

19. Trade and other receivables

	Group		Company	
		Restated		
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Trade receivables	**6,650**	5,702	**-**	-
Less allowance for expected credit losses	**(204)**	(98)	**-**	-
Trade receivables – net	**6,446**	5,604	**-**	-
Prepayments and accrued income	**8,428**	9,224	**65**	35
Other receivables	**7,007**	2,750	**-**	-
Receivables from group companies	**-**	-	**2,563**	1,471
Loans to group companies	**-**	-	**3,958**	3,954
Total trade and other receivables	**21,881**	17,578	**6,586**	5,460
Non-current receivables:				
Prepayments and accrued income	**50**	732	**-**	-
Other receivables	**3,035**	1,344	**-**	-
Loans to group companies	**-**	-	**3,958**	3,954
Non-current portion	**3,085**	2,076	**3,958**	3,954
Current portion	**18,796**	15,502	**2,628**	1,506

Included within prepayments and accrued income are contract assets relating to uninvoiced royalty income amounting to £822,000 (2018: £2,855,000). The effective interest rate on non-current loans to related parties is charged at LIBOR plus 1% in both periods. All non-current receivables are due within five years of the balance sheet date.

Trade receivables are recorded at amortised cost, 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.

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 past due trade receivables is as follows:

	2019			2018		
	Gross value	**Loss allowance**	**Net**	Gross value	Loss allowance	Net
Group	**£000**	**£000**	**£000**	£000	£000	£000
Up to 3 months past due	**1,196**	**(8)**	**1,188**	695	(2)	693
3 to 12 months past due	**162**	**(157)**	**5**	85	(81)	4
Over 12 months past due	**30**	**(30)**	**-**	15	(15)	-
	1,388	**(195)**	**1,193**	795	(98)	697

In addition to the above there is a loss allowance of £9,000 against current debt (2018: £nil).

Loss allowance against trade receivables

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

Group	£000
At 28 May 2017 and 29 May 2017 (as restated)	179
Charge for the period	123
Exchange differences	(3)
Receivables written off during the period as uncollectible	(201)
At 3 June 2018 and 4 June 2018 (as restated)	98
Charge for the period	227
Exchange differences	14
Receivables written off during the period as uncollectible	(135)
At 2 June 2019	**204**

Prior period amounts have been restated to remove credit note provisions from loss allowances above. The impact at 28 May 2017 is a reduction in the loss allowance of £166,000, and at 3 June 2018 a reduction in the loss allowance of £287,000.

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

		Restated
	2019	2018
	£000	£000
Sterling	**9,211**	7,047
Euro	**4,160**	2,589
US dollar	**5,479**	5,710
Other currencies	**3,031**	2,232
Total trade and other receivables	**21,881**	17,578

20. Cash and cash equivalents

	Group		Company	
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Cash at bank and in hand	**29,371**	28,335	**521**	2,289
Short term bank deposits	**-**	210	**-**	-
Cash and cash equivalents	**29,371**	28,545	**521**	2,289

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

There were no utilised borrowing facilities at 2 June 2019 or 3 June 2018.

21. Financial risk factors

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

Foreign currency risk

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

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

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

Foreign exchange sensitivity

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

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

The following assumptions were made in calculating the sensitivity analysis:

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

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

		Restated
	2019	2018
	Income gain	Income gain
	£000	£000
15% appreciation of the US dollar (2018: 15%)	**1,914**	1,166
15% appreciation of the euro (2018: 15%)	**769**	31

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

There is no impact on equity gains or losses.

Interest rate risk

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

Credit risk

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

There is no significant concentration of credit risk with respect to trade receivables, as the Group has a large number of customers that are internationally dispersed. Policies are also in place to ensure the wholesale sales of products are made to customers with an appropriate credit history and credit limits are periodically reviewed. Amounts recoverable from customers are reviewed on an ongoing basis and appropriate provision made for bad and doubtful debts (note 19). Provision requirements are determined with reference to ageing of invoices, credit history and other available information.

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

NOTES TO THE FINANCIAL STATEMENTS continued

21. Financial risk factors continued

Capital risk

The capital structure of the Group consists of net funds (see note 29) and owners' equity (see notes 25 to 27). The Group manages its capital to safeguard the ability to operate as a going concern and to optimise returns to shareholders. The Group's objective is not to use long term debt to finance the business. Overdraft facilities will be used to finance the working capital cycle if required.

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

Liquidity risk

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

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

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

	2019				2018			
Group	**Within 1 year £000**	**Between 1 and 2 years £000**	**Between 2 and 5 years £000**	**More than 5 years £000**	Within 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	More than 5 years £000
Trade and other payables	**13,127**	**-**	**-**	**-**	17,744	-	-	-
Provisions for property	**230**	**38**	**41**	**-**	430	20	10	-
	13,357	**38**	**41**	**-**	18,174	20	10	-

Company	**Within 1 year 2019 £000**	Within 1 year 2018 £000
Trade and other payables	**353**	167

Financial instruments by category

	Group Loans and receivables		Company Loans and receivables	
	2019 £000	Restated 2018 £000	**2019 £000**	2018 £000
Financial assets as per balance sheet				
Trade receivables	**6,446**	5,604	**-**	-
Accrued income	**822**	2,855	**-**	-
Other receivables	**7,007**	2,750	**-**	-
Receivables from group companies	**-**	-	**2,563**	1,471
Loans to group companies	**-**	-	**3,958**	3,954
Cash and cash equivalents	**29,371**	28,545	**521**	2,289
Total	**43,646**	39,754	**7,042**	7,714

	Group Financial liabilities at amortised cost		Company Financial liabilities at amortised cost	
	2019 £000	2018 £000	**2019 £000**	2018 £000
Financial liabilities as per balance sheet				
Trade payables	**7,098**	9,129	**1**	9
Other payables	**2,718**	5,095	**2**	2
Accruals	**3,312**	3,520	**143**	126
Payables to group companies	**-**	-	**207**	30
Total	**13,128**	17,744	**353**	167

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

22. Trade and other payables

	Group		Company	
		Restated		
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Current				
Trade payables	**7,098**	9,129	**1**	9
Other taxes and social security	**1,159**	1,003	**96**	28
Other payables	**5,802**	5,095	**2**	2
Accruals	**4,184**	4,352	**143**	126
Deferred income	**956**	719	**-**	-
Payables to group companies	**-**	-	**207**	30
	19,199	20,298	**449**	195

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

23. Other non-current liabilities

	Group		Company	
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Accruals	**1,010**	667	**1**	-

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

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

		Restated
	2019	2018
	£000	£000
Sterling	**11,163**	11,258
Euro	**2,216**	2,499
US dollar	**5,021**	5,517
Other currencies	**1,809**	1,691
Total trade and other payables and other non-current liabilities	**20,209**	20,965

24. Provisions for liabilities and charges

Analysis of total provisions:

	Group		Company	
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Current	**919**	691	**49**	-
Non-current	**844**	537	**1**	-
	1,763	1,228	**50**	-

Group	Employee benefits £000	Property £000	Total £000
At 4 June 2018	768	460	1,228
Charged/(credited) to the income statement:			
- Additional provisions	1,064	308	1,372
- Unused amounts reversed	(337)	(185)	(522)
Exchange differences	3	2	5
Utilised	(44)	(276)	(320)
At 2 June 2019	**1,454**	**309**	**1,763**

The Company had an employee benefit provision of £50,000 at the year end, arising from the extension during the year of the long service incentive scheme to 20 and 30 years of employment (2018: £nil). 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 and 30 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 or 30 years of employment.

Property provisions

Property provisions relate to property dilapidations and to committed costs outstanding under onerous or vacant lease commitments and will diminish over the lives of the underlying leases. The above provision is expected to be utilised by 2021. The estimated liability is discounted to its present value using a discount rate of 0.52% (2018: 0.72%).

NOTES TO THE FINANCIAL STATEMENTS continued

25. Share capital

	Number of shares (thousands)	Called up share capital £000	Retained earnings (note 27) £000	Total equity £000
At 29 May 2017	32,135	1,607	10,599	12,206
Shares issued under employee sharesave scheme	214	10	972	982
At 3 June 2018	32,349	1,617	11,571	13,188
Shares issued under employee sharesave scheme	153	8	710	718
At 2 June 2019	**32,502**	**1,625**	**12,281**	**13,906**

During the period 153,160 ordinary shares were issued (2018: 213,996). The total authorised number of shares is 42,000,000 shares (2018: 42,000,000 shares) with a par value of 5p per share (2018: 5p per share). All issued shares are fully paid.

26. Other reserves

	2019				2018			
Group	**Capital redemption reserve £000**	**Translation reserve £000**	**Other reserve £000**	**Total £000**	Capital redemption reserve £000	Translation reserve £000	Other reserve £000	Total £000
Beginning of period	**101**	**4,926**	**(1,050)**	**3,977**	101	5,279	(1,050)	4,330
Exchange differences on translation of foreign operations	**-**	**708**	**-**	**708**	-	(353)	-	(353)
End of period	**101**	**5,634**	**(1,050)**	**4,685**	101	4,926	(1,050)	3,977

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

As at 2 June 2019, the Company's capital redemption reserve was £101,000 (2018: £101,000). The Company had no other reserves in addition to the capital redemption reserve at either period end.

27. Retained earnings

	Restated Group £000	Company £000
At 28 May 2017 and 29 May 2017	50,164	26,754
Profit attributable to owners of the parent	59,455	38,494
Current tax on share options	686	-
Deferred tax on share options	1,050	-
Share-based payments	204	204
Dividends to Company shareholders	(40,602)	(40,602)
At 3 June 2018 and 4 June 2018	70,957	24,850
Profit attributable to owners of the parent	65,821	48,273
Current tax on share options	818	-
Deferred tax on share options	224	-
Share-based payments	339	339
Dividends to Company shareholders	(50,277)	(50,277)
At 2 June 2019	**87,882**	**23,185**

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

	Group		Company	
		Restated		
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Operating profit/(loss)	**81,199**	74,319	**(2,798)**	(1,844)
Depreciation of property, plant and equipment	**8,941**	6,614	**-**	-
Net reversal of impairment of property, plant and equipment	**8**	(20)	**-**	-
Loss on disposal of property, plant and equipment (see below)	**144**	40	**-**	-
Loss on disposal of intangible assets (see below)	**188**	12	**-**	-
Amortisation of capitalised development costs	**5,341**	4,130	**-**	-
Amortisation of other intangibles	**1,608**	1,419	**-**	-
Share-based payments	**339**	204	**-**	-
Dividend income from investments in subsidiary undertakings	**-**	-	**50,500**	40,000
Changes in working capital:				
- Increase in inventories	**(3,357)**	(7,948)	**-**	-
- (Increase)/decrease in trade and other receivables	**(4,021)**	(3,417)	**(334)**	1,504
- (Decrease)/increase in trade and other payables	**(2,149)**	6,924	**319**	(398)
- Increase in provisions	**535**	55	**50**	-
Net cash from operating activities	**88,776**	82,332	**47,737**	39,262

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

	2019	2018
	£000	£000
Net book amount	**154**	40
Loss on sale of property, plant and equipment	**(144)**	(40)
Proceeds from sale of property, plant and equipment	**10**	-

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

The Group disposed of intangible assets with net book amount of £188,000 (2018: £12,000). There were no proceeds on disposal in either period and hence a loss on disposal equivalent to the net book value was recorded.

The Company sold no other intangibles during either period.

29. Analysis of net funds

	2018	Cash flow	Exchange movement	**2019**
Group	£000	£000	£000	**£000**
Cash at bank and in hand	28,545	540	286	**29,371**
Net funds	28,545	540	286	**29,371**

	2018	Cash flow	Exchange movement	**2019**
Company	£000	£000	£000	**£000**
Cash at bank and in hand	2,289	(1,768)	-	**521**
Net funds	2,289	(1,768)	-	**521**

30. Commitments

Capital commitments

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

	2019	2018
Group	**£000**	£000
Property, plant and equipment	**2,864**	2,665

The Company had no capital commitments at either period end.

NOTES TO THE FINANCIAL STATEMENTS continued

30. Commitments continued

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

		2019			2018	
		Other			Other	
Group	**Retail stores**	**property**	**Other**	Retail stores	property	Other
	£000	**£000**	**£000**	£000	£000	£000
Within 1 year	**8,540**	**569**	**63**	8,226	513	73
Between 1 and 5 years inclusive	**13,455**	**1,451**	**28**	13,823	1,709	41
In over 5 years	**622**	**-**	**-**	284	-	-
	22,617	**2,020**	**91**	22,333	2,222	114

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

Inventory purchase commitments

	2019	2018
Group	**£000**	£000
Finished goods	**2,632**	2,587
Components	**1,237**	2,625
Raw materials	**562**	304

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.

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

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

For the period ended 2 June 2019, 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

The Group has provided a guarantee of £79,492 to the Canada Revenue Agency in relation to the non-resident sales tax returns of Games Workshop Limited.

32. 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:

		2019	2018
Subsidiary	Nature of transaction	**£000**	£000
Games Workshop Limited	Recharges	**120**	122
	Dividend receivable	**48,000**	35,000
Games Workshop International Limited	Dividend receivable	**2,500**	5,000

32. Related party transactions continued

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

	Amount owed by subsidiaries		Amount owed to subsidiaries	
	2019	2018	**2019**	2018
Subsidiary	**£000**	£000	**£000**	£000
Games Workshop Limited	**2,549**	1,499	**-**	-
Games Workshop Retail Inc.	**4**	-	**-**	(7)
EURL Games Workshop	**2**	1	**-**	-
Games Workshop Hong Kong Limited	**-**	-	**(121)**	-
Games Workshop Oz Pty Limited	**-**	-	**(29)**	(3)
Games Workshop Deutschland GmbH	**6**	2	**-**	-
Games Workshop Italia SRL	**2**	-	**-**	-
Games Workshop (Queen Street) Limited	**-**	-	**(10)**	(8)
Games Workshop Stockholm AB	**-**	-	**(47)**	(12)
	2,563	1,502	**(207)**	(30)

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

	Amount owed by subsidiaries	
	2019	2018
Subsidiary	**£000**	£000
Games Workshop Interactive Limited	**6,779**	6,779
Less provision for impairment	**(6,779)**	(6,779)
Games Workshop Limited	**3,900**	3,900
Games Workshop Hong Kong Limited	**56**	52
Games Workshop Malaysia Sdn. Bhd.	**2**	2
	3,958	3,954

FIVE YEAR SUMMARY

	2019 £000	Restated 2018 £000	2017 £000	2016 £000	2015 £000
Revenue	**256,574**	221,304	158,114	118,069	119,132
Operating profit – pre-exceptional items and royalties receivable	**69,834**	64,702	30,832	10,921	14,937
Exceptional items	**-**	-	-	-	42
Royalties receivable	**11,365**	9,617	7,491	5,939	1,498
Operating profit	**81,199**	74,319	38,323	16,860	16,477
Finance income	**102**	90	87	93	109
Finance costs	**(5)**	(139)	(7)	(5)	(1)
Profit before taxation	**81,296**	74,270	38,403	16,948	16,585
Income tax expense	**(15,475)**	(14,815)	(7,856)	(3,452)	(4,328)
Profit attributable to owners of the parent	**65,821**	59,455	30,547	13,496	12,257
Basic earnings per ordinary share	**202.9p**	184.3p	95.1p	42.1p	38.3p
Pre-exceptional earnings per ordinary share	**202.9p**	184.3p	95.1p	42.1p	38.2p

FINANCIAL CALENDAR

Annual general meeting	18 September 2019
Announcement of half year results	January 2020
Financial year end	31 May 2020
Announcement of final results	July 2020

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Games Workshop Group PLC (the 'Company') will be held at the Company's registered office, Willow Road, Lenton, Nottingham, NG7 2WS at 10am on 18 September 2019 for the following purposes:

Ordinary business
As ordinary business to consider and, if thought fit, to pass the following resolutions 1 to 13 as ordinary resolutions:

Resolution 1
To receive the Company's annual financial statements for the year ended 2 June 2019 together with the directors' report, the remuneration report and the independent auditors' report on those financial statements, the auditable part of the remuneration report and the directors' report.

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

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

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

Resolution 5
To re-elect E O'Donnell as a director.

Resolution 6
To re-elect J R A Brewis as a director.

Resolution 7
To elect K E Marsh as a director.

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

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

Resolution 10
To approve the remuneration report (excluding the directors' remuneration policy set out on pages 29 to 33 for the year ended 2 June 2019).

Special business
To consider and, if thought fit, pass the following resolutions, of which resolution 11 will be proposed as an ordinary resolution and resolutions 12 and 13 will be proposed as special resolutions.

Resolution 11
That the directors of the Company be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot Relevant Securities (as defined below) up to an aggregate nominal amount of £536,294 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 17 December 2020 or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This resolution revokes and replaces all unexercised authorities previously granted to the directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

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

Resolution 12
That subject to the passing of resolution 11 above, the directors of the Company be given the general power pursuant to sections 570 to 573 of the Companies Act 2006 (the 'Act') to allot or make offers or agreements to allot equity securities for cash, either pursuant to the authority conferred by resolution 11 above or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities in connection with a rights issue so that for this purpose 'rights issue' means an offer of equity securities open for acceptance for a period fixed by the directors to holders of equity securities on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with rights attached thereto but subject to such exclusions or other arrangements as the directors consider necessary or expedient in relation to treasury shares, fractional entitlements or any legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory; and
(b) the allotment of equity securities up to an aggregate nominal amount of £81,256.

The power granted by this resolution will expire on 17 December 2020 or, if earlier, the conclusion of the Company's next annual general meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired. This resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if either section 89(1) of the Companies Act 1985 or section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities. For the purposes of this resolution the expression 'equity securities' and references to 'allotment of equity securities' respectively have the meanings given to them in section 560 of the Act.

Resolution 13
That the Company be and is hereby granted general and unconditional authority for the purposes of section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 5p each in the capital of the Company ('ordinary shares') on such terms and in such manner as the directors may from time to time determine provided that:

(c) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company or on 17 December 2020 whichever is the earlier;
(d) the maximum aggregate number of ordinary shares that may be purchased is 3,250,271;
(e) the minimum price (excluding expenses) which may be paid for an ordinary share is 5p;
(f) the maximum price (excluding expenses) which may be paid for an ordinary share is the higher of: (i) an amount equal to 105 per cent of the average market value of an ordinary share in the Company for the five business days prior to the day on which the purchase is made; and (ii) the value of an ordinary share calculated on the basis of the higher of the price quoted for: (a) the last independent trade of; and (b) the highest current independent bid for, any number of the Company's ordinary shares on the trading venue where the purchase is carried out; and
(g) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares in pursuance of any such contract.

By order of the board
R F Tongue
Company secretary
29 July 2019
Registered office:
Willow Road, Lenton
Nottingham
NG7 2WS
Registered in England and Wales under number 2670969

Notes

1. Only those members registered on the Company's register of members at 6.30 pm on 16 September 2019 or, if this meeting is adjourned, at 6.30pm on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting.
2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this document. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. Details of how to appoint more than one proxy are set out in the notes to the proxy form.
5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To appoint a proxy using the proxy form, the form must be completed and signed and sent or delivered to the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, BN99 6DA so as to be received no later than 48 hours before the time fixed for holding the meeting. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. The cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
9. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, BN99 6DA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, BN99 6DA no later than the time fixed for holding the meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
10. Appointment of a proxy does not preclude you from attending the meeting and voting in person.
11. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
12. As at 29 July 2019 (being the last practical date prior to the publication of this notice), the Company's issued share capital comprised 32,502,716 ordinary shares of 5 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 29 July 2019 is 32,502,716. The website referred to in note 21 will include information on the number of shares and voting rights.
13. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') you may have a right under an agreement between you and the member of the Company who has nominated you (a 'Relevant Member') to have information rights to be appointed or to have someone else appointed as a proxy for the meeting. If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
14. You may not use any electronic address provided either in this notice of annual general meeting or any related documents (including the proxy form), to communicate with the Company for any purposes other than those expressly stated.
15. Under section 338 of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 18 below, may, subject to conditions, require the Company to give to members notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that: (a) the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (b) the resolution must not be defamatory of any person, frivolous or vexatious; (c) the request may be in hard copy form or in electronic form (see note 19 below), must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another member, clearly identifying the resolution which is being supported, must be authenticated by the person or persons making it (see note 19 below); and must be received by the Company not later than 6 weeks before the meeting to which the request relates.
16. Under section 338A of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 18 below, may, subject to conditions, require the Company to include in the business to be dealt with at the meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business). The conditions are that: (a) the matter of business must not be defamatory of any person, frivolous or vexatious, (b) the request may be in hard copy form or in electronic form (see note 19 below), must identify the matter of business by setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the persons or person making it (see note 19 below) and must be received by the Company not later than 6 weeks before the meeting to which the request relates.

Notes continued

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

Explanatory notes to the notice of annual general meeting

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

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

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

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

Biographical details for each of the directors can be found on pages 15 and 16 of the 2019 annual report.

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

Resolution 10 – Directors' remuneration
Shareholders will be requested to approve the directors' remuneration report (excluding the directors' remuneration policy) for the financial year ended 2 June 2019.

Resolution 11 – Directors' power to allot relevant securities
Generally, the directors may only allot shares in the Company (or grant rights to subscribe for, or to convert any security into, shares in the Company) if they have been authorised to do so by shareholders.

In line with guidance issued by the Investment Association, if passed, resolution 10 will authorise the directors to allot ordinary shares in the Company (and to grant rights to subscribe for, or to convert any security into, ordinary shares in the Company) in connection with a rights issue only up to an aggregate nominal amount of £536,294 (as reduced by the aggregate nominal amount of any shares allotted or rights granted under resolution 12). This amount (before any reduction) represents approximately 33% of the issued ordinary share capital of the Company as at 29 July 2019, being the last practicable date before the publication of this document. The directors intend to follow emerging best practice as regards the use of this authority, including as to the requirement for directors to stand for re-election.

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

The directors have no current intention to exercise either of the authorities sought under resolution 11. However, the directors consider that it is in the best interests of the Company to have the authorities available so that they have the maximum flexibility permitted by institutional shareholder guidelines to allot shares or grant rights without the need for a general meeting should they determine that it is appropriate to do so to respond to market developments or to take advantage of business opportunities as they arise.

Resolution 12 – Disapplication of pre-emption rights on equity issues for cash
Resolution 12, if passed, would enable the directors to allot shares for cash on a non pre-emptive basis in limited circumstances. It is proposed to authorise the directors to issue shares for cash up to an aggregate nominal amount of £81,256 (which represents approximately 5% of the Company's issued share capital as at 29 July 2019), without having to first offer them to shareholders in proportion to their existing holdings. In addition, in accordance with normal practice, the resolution would enable the board to deal with overseas shareholders and fractional entitlements as it thinks fit in the context of any rights issue or open offer.

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

There are no present plans to exercise this authority.

Resolution 13 - Market purchase of own shares
A company may only purchase its own shares by either an off-market purchase, in pursuance of a contract approved in advance in accordance with section 694 of the Act or by a market purchase, authorised in accordance with section 701 of the Act. A 'market purchase' is one made through a 'recognised investment exchange'. Although the Act only requires an ordinary resolution, LR 12.4.7 of the Listing Rules requires the resolution to be passed as a special resolution (the ABI also recommend that the resolution should be passed as a special resolution). This resolution 15 authorises market purchases of the Company's own shares to be made but only within the limitations specified. In accordance with Investment Association guidelines the maximum number of shares purchased under this authority must not exceed 3,205,271 ordinary shares. The resolution also states the maximum price which may be paid being 5p per ordinary shares and the maximum price being the higher of: (i) an amount equal to 105 per cent of the average market value of an ordinary share in the Company for the five business days prior to the day on which the purchase is made; and (ii) the value of an ordinary share calculated on the basis of the higher of the price quoted for: (a) the last independent trade of; and (b) the highest current independent bid for, any number of the Company's ordinary shares on the trading venue where the purchase is carried out.

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

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

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

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