GAMES WORKSHOP GROUP PLC

11 January 2022

HALF-YEARLY REPORT

Games Workshop Group PLC ('Games Workshop' or the 'Group') announces its half-yearly results for the six months to 28 November 2021.

Highlights:

	Six months to 28 November 2021	Six months to 29 November 2020
Revenue	**£191.5m**	£186.8m
Revenue at constant currency*	**£198.8m**	£186.8m
Operating profit - pre-royalties receivable	**£68.4m**	£83.3m
Royalties receivable	**£20.1m**	£8.7m
Operating profit	**£88.5m**	£92.0m
Operating profit at constant currency*	**£93.8m**	£92.0m
Profit before taxation	**£88.2m**	£91.6m
Cash generated from operations	**£76.4m**	£100.0m
Basic earnings per share	**217.2p**	226.1p
Dividends per share declared in the period	**100p**	80p
Dividends per share paid in the period	**115p**	80p

Kevin Rountree, CEO of Games Workshop, said:

"We are on the front foot and confident in our ability to continue to deliver our strategy. Our commitment to focus on real cash returns and return on capital continues to deliver honest and consistent returns to our owners. We will continue to try our best. In the period reported, we have delivered just that.

We have proven once again that the Warhammer hobby creates exciting experiences and allows people around the world to come together and have some fun. We continue to focus on making the best miniatures in the world and to document and deliver an exciting operational plan.

I'm once again immensely proud of the global teams' performance, the ongoing support of our customers and those unsung heroes that keep us safe and well, thank you."

…Ends…

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*Constant currency revenue and operating profit are calculated by comparing results in the underlying currencies for 2020 and 2021, both converted at the average exchange rates for the six months ended 29 November 2020.

FIRST HALF HIGHLIGHTS

	Six months to 28 November 2021	Six months to 29 November 2020
Revenue	**£191.5m**	£186.8m
Revenue at constant currency	**£198.8m**	£186.8m
Operating profit - pre-royalties receivable	**£68.4m**	£83.3m
Royalties receivable	**£20.1m**	£8.7m
Operating profit	**£88.5m**	£92.0m
Operating profit at constant currency	**£94.2m**	£92.0m
Profit before taxation	**£88.2m**	£91.6m
Cash generated from operations	**£76.4m**	£100.0m
Basic earnings per share	**217.2p**	226.1p
Dividend per share declared in the period	**100p**	80p
Dividend per share paid in the period	**115p**	80p

Revenue by segment

	Six months to 28 November 2021 Constant currency	Six months to 29 November 2020 Constant currency	**Six months to 28 November 2021 Actual rates**	Six months to 29 November 2020 Actual rates
Trade	**£112.8m**	£104.0m	**£108.1m**	£104.0m
Retail	**£43.3m**	£36.9m	**£41.9m**	£36.9m
Online	**£42.7m**	£45.9m	**£41.5m**	£45.9m
Total revenue	**£198.8m**	£186.8m	**£191.5m**	£186.8m

Summary operating profit

	Six months to 28 November 2021 Constant currency	Six months to 29 November 2020 Constant currency	**Six months to 28 November 2021 Actual rates**	Six months to 29 November 2020 Actual rates
Revenue	**£198.8m**	£186.8m	**£191.5m**	£186.8m
Gross profit	**£138.2m**	£141.1m	**£131.3m**	£141.1m
Operating expenses	**(£64.2m)**	(£57.8m)	**(£62.9m)**	(£57.8m)
Operating profit pre-royalties receivable	**£74.0m**	£83.3m	**£68.4m**	£83.3m
Royalties receivable	**£20.2m**	£8.7m	**£20.1m**	£8.7m
Operating profit	**£94.2m**	£92.0m	**£88.5m**	£92.0m

Foreign exchange rates

Our currency exposures are the euro and US dollar:

	euro		US dollar	
	2021	2020	**2021**	2020
Rate used for the balance sheet at the period end	**1.18**	1.11	**1.33**	1.33
Average rate used for earnings	**1.17**	1.11	**1.37**	1.30

INTERIM MANAGEMENT REPORT

Games Workshop and the Warhammer hobby are in great shape.

We are on the front foot and confident in our ability to continue to deliver our strategy. Our commitment to focus on real cash returns and return on capital continues to deliver honest and consistent returns to our owners. We will continue to try our best. In the period reported, we have delivered just that.

Thanks to a resilient and engaged global team, we have had another great six months. We continue to deliver the day job: designing and making the best miniatures, books, games and paints in the world. With a relentless focus, we continue to support our existing customers and build new communities of like-minded Warhammer hobbyists. This despite, on occasions, having one arm tied behind our backs e.g. global travel restrictions and our retail recruitment offer has been compromised for some time.

We are proud and humbled most days with the feedback that we receive; particularly that the Warhammer hobby continues to be a happy place for most people. We are ever more mindful these days of the role hobbies play for those who are struggling with wellbeing challenges. We will continue to work hard to ensure that the Warhammer hobby remains a fun and immersive pastime, offering people around the world an opportunity to form friendships and find support and to express themselves creatively as they explore Warhammer's fantastical worlds.

COVID-19

Our number one priority during the period has remained the health, safety and wellbeing of our staff, their families and our customers. We thank all of those whose efforts helped to keep us safe and well - you are all amazing!

We are still operating with additional safety measures in place, e.g. social distancing, and we continue to encourage face coverings in areas such as our factories. We have actively encouraged our staff to do the right thing for themselves and their colleagues; having the COVID-19 vaccines is top of the list, and we mandate they follow all local government guidelines. We continue to pay all our staff fully, even when the virus forces them to temporarily sit at home. We know they're desperate to get back to work and look forward to having them do just that.

COVID-19 related disruption has continued, and countries continue to be at various stages of normality. These events are outside of their control. However, the negative impact on Games Workshop's normal operational processes has reduced in the period reported. Our main facilities are broadly back to normal allowing us to focus on the completion of some major projects. For example, staff from our support functions have been able to fly to Memphis to help the local team get our warehouse project fully operational. We are hopeful we can clear back orders and reduce delivery times in the next month or so.

We once again thank our customers for their patience and understanding. Sorry if we have let you down, the team is doing everything they can to speed things up.

Growth

The global team has delivered another record sales performance (at constant currency rates) - this is fantastic - the prior year was by far our best performance ever. Our plan was rougher around the edges than I would have liked. This will likely remain the case for a few more months as the global disruptions continue to ease. To be honest, I'm a little disappointed that we have not delivered to our full potential: e.g. having to delay some of our new products due to shipping issues. I hope we get the opportunity in the second half.

Even so, I am delighted to report that we continue to perform well in most countries, the exception being Australia. The ongoing COVID-19 restrictions there have kept our stores closed - something I know that has frustrated our passionate store managers. The team is ready to bounce back as soon as they get the chance. The performance of our core product ranges remains in line with our exciting operational plans, see below for more details.

Growth continued
Our profit before tax is down £3.4 million, however, excluding foreign exchange movements and increased carriage costs and paying our staff more (a good thing!), our net core business profits are broadly in line with last year's record performance. When we say the core business, we are referring to our business that focuses on realising our intellectual properties as miniatures and supporting products, excluding licensing. We continue to remain focused on our core business metrics and are working tirelessly to improve the ones that are in our control. In the short term, some of our global freight and raw material suppliers have been passing some cost increases on to us - we will be working hard over the period ahead to ensure they are fair. The negative impact of these on our gross margin is about 3%. To date, the discount we offer our trade accounts and our global RRPs have not significantly changed, pragmatically this is under constant review.

Core business highlights
Our strategy has not changed - we continue to make the best miniatures in the world, in ever increasing volumes, and to engage and inspire our customers new and old.

In line with our group profit share scheme, payments in cash to staff are £6.9 million (2020: £6.3 million). Total dividends declared in the period reported were 100 pence per share (2020: 80 pence per share).

Sales for the month of December are broadly in line with our expectations.

On a constant currency basis:
- Sales growth - sales growth (+6%) continues across Trade (+8%), Retail (+17%) with a decline in Online (-7%).
- Gross margin - down 6% to 70% in the period with increasing volumes, offset by the costs of increased staff costs (investment in pay grades and increased headcount, +£3.0 million, +68 new jobs in the period), input and carriage cost increases (+£5.6 million) and the incremental cost of our new facilities (+£0.7 million). Investment in inventory to ensure we meet customer demand has also resulted in additional inventory provisioning of £2.9 million. Our average RRP increase during the period was broadly the same as last year.
- Cost to sales ratio - at 29% (excluding group profit share) (2020: 28%) our costs are under control and mainly relate to increases in staff costs (3% annual pay rise and increases in headcount +27).
- Operating profit pre-royalties receivable - given the tough comparatives - both value (down £9.3 million to £74.0 million) and profit to sales ratio (down 8% to 37%) have declined but remain our second highest of all time.

At actual exchange rates:
- Net cash generated from core business operating activities - down £28.3 million in the period reported against last year, driven by the decline in core business operating profit of £14.9 million and outstanding European VAT receipts following Brexit of £15.1 million. Our constant focus on managing our balance sheet has ensured our net cash generation remains in great shape compared to historical levels.
- Major capital projects - to date £2.6 million in capital projects in the first half, including warehouse and factory investment and our European ERP system.
- Returns to shareholders - we have declared £32.8 million in dividends during the period (2020: £26.1 million).
- Foreign exchange differences - the impact on reported operating profits pre-royalties receivable is an adverse £5.6 million. We don't actively manage foreign exchange rates and we will continue to report the impact on our results.

Cash generation - no change in our policy or principles. We have continued to:
- Maintain an appropriate balance sheet to ensure we can maintain our current level of profits and can withstand any short term setbacks.
- Provide for the safe ongoing operation of our global business in an ethical way.
- Reinvest to grow sustainably and deliver our strategy.
- Pay regular dividends to our shareholders - we return any 'truly surplus' cash as dividends as and when we have excess cash.

We are not planning any share buybacks or acquisitions.

Key priorities
We have made some good progress with our key priorities. Each of these is designed to ensure we deliver our exciting operational plan and continue to engage and inspire our loyal customers.

Customer focused
The Age of Sigmar launch in July was our best fantasy launch to date by a considerable margin. This saw us unveil the next chapter in the struggle for the Mortal Realms alongside some fantastic new miniatures. We spearheaded the launch with a high-end animated trailer, showcasing the Mortal Realms like never before. This was viewed 28 million times in the period. Sales following the launch have been strong as this relative newcomer to our offer (it was launched in 2015) continues to grow in popularity.

Following last year's relaunch we have been revisiting some much loved factions from our Warhammer 40,000 (40k) universe with Adepta Sororitas, Space Marines, Orks and Astra Militarum all receiving new models in the period. The new version of Kill Team, our fast-paced skirmish game set in the 40k universe, was well received by hobbyists proving its long term place in our offer. We celebrated this with a high-end animated battle sequence, which quickly became our most immediately watched piece of content ever with almost 6 million views in the first 14 days.

The 'Imperium' part-work, aimed at those new or returning to the 40k hobby, was launched in UK newsstands in August. Sales have been ahead of expectations and launches in other countries are scheduled for the new calendar year.

We have been producing our core products in Mandarin for years using translation agencies but, in the period, we moved all translation in house to improve consistency and quality of our offer in this key market.

Although suffering from disruptions in global shipping, there was a steady flow of new miniatures for our other intellectual properties (IPs) (Blood Bowl, Necromunda etc) as we continue to provide customers with ever more depth and choice.

Our epic Horus Heresy novel series is drawing close to its galaxy changing conclusion. Currently standing at over 7.5 million words, we aren't aware of a more detailed and in-depth story in any fantasy or science fiction IP.

IP and design studio payroll costs increased by £0.8 million to £5.6 million; as a percentage of sales they have increased by 0.4% to 2.9%.

Community
Supporting these new miniatures, we have continued to put out tens of thousands of pieces of content across warhammer-community.com and social channels. As a result, we've more Warhammer fans than ever before. On social, despite ever more restrictive algorithms from the big players, we're reaching more people compared to the same period last year. On warhammer-community.com users are up 15% across all territories. Even more encouraging, our email marketing is up across all metrics - subscribers, opens, clicks and revenue - all telling us that we continue to grow and retain an engaged customer base.

Within the period, we launched a range of new initiatives to ensure customer experience of the Warhammer hobby is better than ever.

With something for every Warhammer fan, our brand-new subscription service Warhammer+ got off to a great start. In particular, our animation and in-house shows have been extremely popular, with 2 million views in total across all shows in just three months. We view Warhammer+ as a 'club' for our most loyal fans and will look to extend the ways in which we deliver them even more exclusive content and reward them with exciting new product and service offers.

With our operations not at full speed and to ensure our customers never missed the Warhammer releases they really wanted, we introduced a 'pre-order promise', guaranteeing every fan the chance to purchase the latest releases, without fear of missing out. This is especially important for a hobby where collectability lies at the heart of the experience. As we get back to normal operations this will be pragmatically reviewed.

During lockdown many of our customers missed getting together to roll dice. As restrictions have eased and the world tentatively returns to normal, the Warhammer events team went on the road in the US. This effort in kickstarting a return to in-person events has been a rousing success, with each of our roadshow events selling out almost instantly, and with live game coverage broadcast to hundreds of thousands of viewers worldwide. We look forward to furthering our events programme next year.

Key priorities continued

Community continued

Our customers really enjoy user-generated content, and as such we are committed to supporting fans as they create their own Warhammer-related events, videos, articles, podcasts etc. To this end, we are in the process of creating a community outreach team, to work with and support creators and prominent community members who champion the Warhammer hobby outside of our own pages and spaces.

We continue to look for more ways to surprise and delight our fans.

Employees

Our performance, as ever, was driven by a considerable team effort across all aspects of our global, vertically integrated business.

Throughout the past six months, our priority has remained the health, safety and wellbeing of our staff, their families and our customers. We will always follow all government guidance and do what we think is right in order to look after everyone at Games Workshop. Equally as important as our COVID-19 control measures have been our people and wellbeing initiatives. These include a range of initiatives across health, mental wellbeing, engagement and personal and professional development. In just six months we have launched a new global occupational health and employee assistance programme, mental health awareness and training, a global new starter induction programme, two paid volunteer days for the global workforce (from January 2022) and subsidised gym memberships. We're extremely proud of the progress we've made, but there's still lots more for us to do.

Training and development remains a key area of focus. We recognise that each employee, whether they are new to Games Workshop or have been with us for many years, needs to know what is expected of them in their job and needs to be given the appropriate support to achieve their performance potential. With this in mind, we rolled out our new manager training in June, it was well received. It should ensure, as we grow, we continue to build high performing teams.

We are committed to ensuring that all staff are paid fairly for the job they perform and to rewarding our staff for their considerable contribution. We always manage the business for the long term and aim to get the right mix of annual pay rises and variable cash rewards. In the last five years we have increased fixed base pay on average of 3% per year, a total of £20 million over the period. Over the same period, we have also rewarded staff with a discretionary payment and group profit share payments of £35 million, equating to c. £15,000 per staff member on top of their base pay.

Social responsibility and sustainability

Our new head of social responsibility and sustainability will have joined us by the time you are reading this. This new recruit, we hope, brings with them a wealth of expertise and experience on this key subject. An area we would like to see some significant progress on in the years ahead. Working alongside our departmental heads across the global business, they will be reviewing and redefining our sustainability action list. Once complete, we intend to communicate this plan to our shareholders, customers and staff to ensure that everyone is clear on both our priorities and our progress.

Facilities

Factories

This period has been one of consolidation within our two factories. With staff health and safety being an ever present priority, we have maintained elements of social distancing throughout the factories. Despite this, the planned installation of additional equipment and five more injection moulding machines was successful. This takes the number of our live injection moulding machines up to 43. We plan to use them all. The second tool room is fully operational and has greatly increased our tooling capability. With the renewed focus of a new small, dedicated team, product innovation remains a key area of focus.

We have created 35 jobs in the period, taking our total number of jobs in our factories to 432. These additional jobs and the annual pay rise, increased payroll costs by £1.8 million to £6.3 million; increasing to 3.3% from 2.4% of Group sales.

Key priorities continued

Facilities continued

Warehouses - North America

Logistics projects have progressed, albeit more slowly than planned, partly due to COVID-19 restrictions preventing the UK project team from entering the US. Given these challenges, the progress that has been made has been remarkable. The new system and technology in our Memphis facility is now operational, significantly increasing the number of orders we can pick and pack. The £5 million of back orders at the end of November 2021 will be cleared by early January, hurray! We now have a team of 71, up 7 in the period. To ensure we realise the benefits of this investment, the short term goal is to maintain a full team. The job market in Memphis has been more fluid than historical trends resulting in some shortages in the period reported.

Warehouses - UK

Development of the technology for the East Midland Gateway (EMG) facility was consciously slowed to allow greater focus on the delivery of the Memphis project. Despite that decision, the UK team have continued to use the site to great effect fulfilling multiple key launches including the summer's Age of Sigmar launch set and fulfilling all of the factories' component requirements. All equipment and infrastructure at EMG is now in place and, with Memphis having recently gone live, focus has switched to the UK 'go live' within the next six months. The first phase of work to refurbish the original Nottingham warehouse facility has been completed successfully. This will be our component warehouse and should be fully operational by May 2022. At full capacity it will employ 200 people, it currently employs 37.

Total warehousing costs have increased by £2.8 million to £9.7 million; as a percentage of sales they have increased from 3.7% to 5.0% in line with our operational plan. This can be better analysed as a new day to day running cost e.g. staff and facilities costs. We try our best to get the right stock in the right place at the right time and we have fallen short during the period. The challenging backdrop, live projects and global disruption, has increased some of our stock levels more than I would have liked, getting back to the basics of managing our range and stock levels will be a key area of focus.

Brexit

In the period, we have continued to use the new working arrangements adopted following the UK's exit from the European Union in January 2021. This has resulted in additional shipping and freight costs of £2 million in the six months to 28 November 2021 and is included as part of the £5.6 million increase in input and carriage cost increases discussed earlier in gross margin. In addition, from a cash flow perspective, there are delays in the repayment of VAT from some European tax authorities.

Capital investment

In Manufacturing we have invested £1.8 million in facilities and equipment and £3.3 million in tooling. In Merchandising and Logistics we have spent £1.5 million in the period on facilities, racking and IT systems. ERP - we have made some good progress on implementing our European ERP system and we are working hard to help achieve the completion of this long and complex project with £0.5 million incurred in the period.

Non core business – licensing, media and entertainment

Video games

We have again found great successes in licensing Warhammer into computer games with some world class partners. A number of major video games are due to be launched in 2022 including Total War: Warhammer 3, Warhammer 40,000: Darktide and Lost Crusade. Deals have been announced to launch a major online game set in the Age of Sigmar universe as well as Space Marine 2. We continue to search for the right long term partners to exploit other IP opportunities: we have some further exciting plans in development.

Entertainment

In terms of media and entertainment, progress continues and we are delighted to have signed up a major LA based agency to help us. Eisenhorn is in development and the subject of discussions with potential distribution partners. We have made some solid progress in our writers' room and have a number of further exciting live action and animated projects in development. We remain ambitious and patient.

Licensing income

Royalties receivable in the period increased by £11.4 million to £20.1 million. This includes £13.7 million (2020: £2.3 million) of guaranteed royalty income which is recognised on the signing of new licence contracts, while additional royalty income earned was equal to the prior period at £6.4 million. As always, this income continues to be uncertain and, as we recognise guaranteed royalty income in full on signing the contract, it is even harder to predict when further income will be recognised.

Sales
Reported sales grew by 3% to £191.5 million for the period. On a constant currency basis, sales were up by 6% from £186.8 million to £198.8 million; split by channel this comprised: Trade £112.8 million (2020: £104.0 million), Retail £43.3 million (2020: £36.9 million) and Online £42.7 million (2020: £45.9 million).

Trade
Trade achieved growth of 4% with growth in all key countries. In the period, our net number of trade outlets increased by c.500 accounts to 5,900 which helped drive forward sales in this channel. It's worth noting that a large number of independent retailers now also sell our products online, meaning our customers have more choice than ever about where to buy Warhammer. It's also worth reminding you that our success with our independents is not completely in our control. The viability of these stores is completely dependent on the store owner and their choices on what to sell. Our experts offer fantastic support on product range and advice on the right volumes to ensure we give them the best chance of success. Most also sell third party products e.g. collectible cards and board games. We lost 340 accounts in the period which was broadly in line with long term trends.

The recruitment and retention of EU nationals working in the UK has, as you would expect, not been easy. We are currently running at 20% vacancies (compared to normal levels of 10%).

Retail
In the period, we opened, including relocations, four stores. After closing eight stores, our net total number of stores at the end of the period is 519. Retail remains a challenging environment, so we are being pragmatic with our store opening programme. Our stores are improving at different rates, as a direct consequence of whether they can open or not.

Our Warhammer World store at our HQ in Nottingham has been open for 8 months now and is trading at pre-COVID levels. Our Warhammer café stores in Dallas and LA, together with our relocated store on Tottenham Court Road in London, are also performing well. We hope the second half gives us the opportunity to once again show our full and unique retail offer and get back to our face-to-face training sessions.

The majority of our stores are profitable (34 stores are not).

Online
Online sales declined by 10% compared to the same period last year, maintaining the step change in sales order levels against the prior year is the plan.

As noted above, our customers have a lot of options when it comes to shopping for Warhammer online and are able to buy our products both through our own web stores (reported in Online) and through those of independent retailers (reported in Trade).

The board has signed off on the first phase of the web store upgrade. The capital investment is c.£6 million. To date we have spent £0.3 million.

Asia
We continue to make some good progress, hampered a little by the process of toy safety certification. We had our first external audit which was passed. Various delays have resulted in a decision to move our new release schedule by c. 10 weeks to allow us to catch up. Not great for our customers in Asia, however, without the accreditation our long term growth would be threatened by legal restrictions. The work on the new Warhammer café store in Shanghai has also been pragmatically paused to ensure it gets off to the best possible start. Like all of our other stores, it will be run as a profitable store. We are hopeful about opening a new café style store in Tokyo in 2022. We have in the period, increased RRPs by circa 25%, aligning with our global pricing strategy.

Risks and uncertainties

The board has overall responsibility for ensuring risk is appropriately managed across the Group and has carried out a robust assessment of the principal risks to the business. The top four strategic risks to the Group are regularly reviewed by the board. The principal strategic risks identified in 2021/22 are discussed below. These risks are not intended to be an extensive analysis of all risks that may arise but more importantly are the ones which we believe could cause business interruption in the period ahead.

- Digital selling strategy - as sales through our online channel are over 20% of sales, it is now more important than ever that we have a robust plan in place which ensures we are making product available to our customers in a manner consistent with modern consumer expectations/behaviour. We have approved and started the development work on our new online store. We are also investing in the support functions to ensure it is delivered on time.
- IT strategy and delivery - with a number of significant business projects in play, all of which are dependent on IT support, there is a requirement for a robust IT strategy which enables us to deliver key strategic projects as well as supporting day to day activities. We are keeping the structure of our global IT team under review to ensure the IT support needs of the business can be delivered.
- Media - whilst this remains an area for future growth, it is imperative that exploitation of our IP through media channels does no harm to our core business. Our IP steering team meets every month to discuss ongoing and future exploitation, to ensure that all use of our IP, through all channels, is approved, correct and consistent. They are fully supported by our in-house legal team who will act when needed.
- Social responsibility - we don’t intend to ‘greenwash’ or to be ‘politically correct’. We believe we are already good corporate citizens and we have been making some good progress quietly in the background. We are looking for ways we can support global initiatives including climate change, diversity and equality. We have recruited a senior manager to document a realistic plan to make some progress, forever.

Our biggest risk is senior management becoming complacent. I will continue to do my best to make sure it does not happen.

We consider that COVID-19 is not a specific risk that we can mitigate against, but we are managing our response to it alongside our operational risks. We also do not consider that we have material solvency or liquidity risks.

Outlook

We have proven once again that the Warhammer hobby creates exciting experiences and allows people around the world to come together and have some fun. We continue to focus on making the best miniatures in the world and to document and deliver an exciting operational plan.

I’m mindful of the uncertainty caused by COVID-19 and the expectation of more growth given our recent performance. To help inform shareholders and followers of Games Workshop as best we can, we will continue to provide regular updates to the market. We are pleased to confirm that we continue to trade in line with expectations and look forward to providing a further update to the market in due course.

Finally, I’m once again immensely proud of the global teams’ performance, the ongoing support of our customers and those unsung heroes that keep us safe and well, thank you.

Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the Group has adequate resources, in light of the level of cash generation, to continue in operational existence for at least twelve months from the date of approval of the condensed consolidated interim financial information. For this reason, they have adopted the going concern basis in preparing this condensed consolidated interim financial information.

Statement of directors' responsibilities

The directors confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the United Kingdom, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely: an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of (I) the principal risks and uncertainties for the remaining six months of the financial year; (ii) material related party transactions in the first six months and (iii) any material changes in the related party transactions described in the last annual report. There have been the following changes to the board since the annual report for the year to 30 May 2021:

- The resignation of Sally Matthews as non-executive director and chair of the audit and risk committee from 28 November 2021. The recruitment process for a non-executive director is underway.
- The retirement of Nick Donaldson as non-executive director from 31 May 2021.

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

By order of the board

Kevin Rountree
CEO

Rachel Tongue
CFO

CONSOLIDATED INCOME STATEMENT

	Notes	**Six months to 28 November 2021 £m**	Six months to 29 November 2020 £m	Year to 30 May 2021 £m
Revenue	2	**191.5**	186.8	353.2
Cost of sales		**(60.2)**	(45.7)	(96.3)
Gross profit		**131.3**	141.1	256.9
Operating expenses	2	**(62.9)**	(57.8)	(121.5)
Other operating income – royalties receivable		**20.1**	8.7	16.3
Operating profit	2	**88.5**	92.0	151.7
Finance income		**0.1**	0.1	0.2
Finance costs		**(0.4)**	(0.5)	(1.0)
Profit before taxation	4	**88.2**	91.6	150.9
Income tax expense	5	**(17.0)**	(17.7)	(28.9)
Profit attributable to owners of the parent		**71.2**	73.9	122.0
Basic earnings per ordinary share	6	**217.2p**	226.1p	372.7p
Diluted earnings per ordinary share	6	**216.6p**	224.0p	370.5p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

	Six months to 28 November 2021 £m	Six months to 29 November 2020 £m	Year to 30 May 2021 £m
Profit attributable to owners of the parent	**71.2**	73.9	122.0
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations	**1.8**	(1.6)	(3.1)
Other comprehensive income/(expense) for the period	**1.8**	(1.6)	(3.1)
Total comprehensive income attributable to owners of the parent	**73.0**	72.3	118.9

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

CONSOLIDATED BALANCE SHEET

	Notes	**28 November 2021 £m**	Restated 29 November 2020 £m	30 May 2021 £m
Non-current assets				
Goodwill		**1.4**	1.4	1.4
Other intangible assets	8	**25.7**	20.3	23.7
Property, plant and equipment	9	**52.9**	42.2	49.8
Right-of-use assets	10	**46.4**	49.7	46.0
Deferred tax assets		**10.0**	8.9	10.1
Trade and other receivables	11	**15.2**	7.1	6.3
		151.6	129.6	137.3
Current assets				
Inventories		**33.8**	19.6	27.5
Trade and other receivables	11	**53.5**	25.5	30.6
Current tax assets		**0.1**	0.3	1.1
Cash and cash equivalents		**88.6**	96.5	85.2
		176.0	141.9	144.4
Total assets		**327.6**	271.5	281.7
Current liabilities				
Lease liabilities		**(8.1)**	(8.8)	(8.6)
Trade and other payables		**(42.7)**	(31.7)	(35.4)
Current tax liabilities		**(0.4)**	(4.5)	(0.1)
Provisions for other liabilities and charges		**(0.6)**	(0.5)	(0.6)
		(51.8)	(45.5)	(44.7)
Net current assets		**124.2**	96.4	99.7
Non-current liabilities				
Lease liabilities		**(39.5)**	(41.4)	(38.4)
Other non-current liabilities		**(0.6)**	(0.6)	(0.6)
Provisions for other liabilities and charges		**(1.8)**	(1.8)	(1.7)
		(41.9)	(43.8)	(40.7)
Net assets		**233.9**	182.2	196.3
Capital and reserves				
Called up share capital		**1.6**	1.6	1.6
Share premium account		**16.3**	14.4	14.5
Other reserves		**3.9**	3.6	2.1
Retained earnings		**212.1**	162.6	178.1
Total equity		**233.9**	182.2	196.3

Comparative financial information for right-of-use assets, non-current lease liabilities and current lease liabilities has been restated. See note 10 for further information.

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

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Called up share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total equity £m
At 30 May 2021 and 31 May 2021	1.6	14.5	2.1	178.1	196.3
Profit for the six months to 28 November 2021	-	-	-	71.2	71.2
Exchange differences on translation of foreign operations	-	-	1.8	-	1.8
Total comprehensive income for the period	**-**	**-**	**1.8**	**71.2**	**73.0**
Transactions with owners:					
Share-based payments	-	-	-	0.6	0.6
Shares issued under employee sharesave scheme	-	1.8	-	-	1.8
Deferred tax charge relating to share options	-	-	-	(0.4)	(0.4)
Current tax credit relating to exercised share options	-	-	-	0.3	0.3
Dividends paid to Company shareholders	-	-	-	(37.7)	(37.7)
Total transactions with owners	**-**	**1.8**	**-**	**(37.2)**	**(35.4)**
At 28 November 2021	**1.6**	**16.3**	**3.9**	**212.1**	**233.9**

	Called up share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total equity £m
At 31 May 2020 and 1 June 2020	1.6	13.1	5.2	113.8	133.7
Profit for the six months to 29 November 2020	-	-	-	73.9	73.9
Exchange differences on translation of foreign operations	-	-	(1.6)	-	(1.6)
Total comprehensive income for the period	-	-	(1.6)	73.9	72.3
Transactions with owners:					
Share-based payments	-	-	-	0.5	0.5
Shares issued under employee sharesave scheme	-	1.3	-	-	1.3
Deferred tax charge relating to share options	-	-	-	(0.3)	(0.3)
Current tax credit relating to exercised share options	-	-	-	0.8	0.8
Dividends paid to Company shareholders	-	-	-	(26.1)	(26.1)
Total transactions with owners	-	1.3	-	(25.1)	(23.8)
At 29 November 2020	1.6	14.4	3.6	162.6	182.2

	Called up share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total equity £m
At 31 May 2020 and 1 June 2020	1.6	13.1	5.2	113.8	133.7
Profit for the year to 30 May 2021	-	-	-	122.0	122.0
Exchange differences on translation of foreign operations	-	-	(3.1)	-	(3.1)
Total comprehensive income for the period	-	-	(3.1)	122.0	118.9
Transactions with owners:					
Share-based payments	-	-	-	1.2	1.2
Shares issued under employee sharesave scheme	-	1.4	-	-	1.4
Deferred tax credit relating to share options	-	-	-	0.1	0.1
Current tax credit relating to exercised share options	-	-	-	1.5	1.5
Dividends paid to Company shareholders	-	-	-	(60.5)	(60.5)
Total transactions with owners	-	1.4	-	(57.7)	(56.3)
At 30 May 2021	1.6	14.5	2.1	178.1	196.3

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

CONSOLIDATED CASH FLOW STATEMENT

	Notes	**Six months to 28 November 2021 £m**	Six months to 29 November 2020 £m	Year to 30 May 2021 £m
Cash flows from operating activities				
Cash generated from operations	7	**76.5**	100.0	164.8
UK corporation tax paid		**(15.3)**	(13.3)	(28.8)
Overseas tax paid		**(0.5)**	(2.4)	(3.3)
Net cash generated from operating activities		**60.7**	84.3	132.7
Cash flows from investing activities				
Purchases of property, plant and equipment		**(8.8)**	(5.2)	(17.4)
Purchases of other intangible assets		**(1.3)**	(1.2)	(2.9)
Expenditure on product development		**(5.4)**	(4.3)	(9.7)
Interest received		**0.1**	0.1	0.2
Net cash used in investing activities		**(15.4)**	(10.6)	(29.8)
Cash flows from financing activities				
Proceeds from issue of ordinary share capital		**1.8**	1.4	1.4
Repayment of principal under leases		**(5.7)**	(5.3)	(10.9)
Dividends paid to Company shareholders		**(37.7)**	(26.1)	(60.5)
Net cash used in financing activities		**(41.6)**	(30.0)	(70.0)
Net increase in cash and cash equivalents		**3.7**	43.7	32.9
Opening cash and cash equivalents		**85.2**	52.9	52.9
Effects of foreign exchange rates on cash and cash equivalents		**(0.3)**	(0.1)	(0.6)
Closing cash and cash equivalents		**88.6**	96.5	85.2

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

NOTES TO THE FINANCIAL INFORMATION

1. Basis of preparation

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

The Company has its listing on the London Stock Exchange.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 May 2021 were approved by the board of directors on 26 July 2021 and have been delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under either section 498 (2) or section 498 (3) of the Companies Act 2006.

This condensed consolidated interim financial information has not been audited or reviewed pursuant to the Auditing Practices Board guidance on 'Review of Interim Financial Information' and does not include all of the information required for full annual financial statements.

This condensed consolidated interim financial information for the six months ended 28 November 2021 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting' as adopted by the United Kingdom. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 May 2021 which have been prepared in accordance with IFRSs as adopted by the United Kingdom.

After making appropriate enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing this condensed consolidated interim financial information.

This condensed consolidated interim financial information was approved for issue on 11 January 2022.

This condensed consolidated interim financial information is available to shareholders and members of the public on the Company's website at investor.games-workshop.com.

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenues and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 May 2021.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 May 2021, as described in those financial statements.

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

2. Segment information

As Games Workshop is a vertically integrated business, management assesses the performance of sales channels and manufacturing and distribution channels separately. Segment information for the periods ending 30 May 2021 and 29 November 2020 has been restated to better reflect the structure of the Group. Manufacturing costs previously reported within the 'Design to manufacture' segment are now combined with the 'Merchandising and logistics' segment to create the 'Design, merchandising and logistics' segment. Costs previously reported within the 'Media and entertainment' segment are now included within the 'Licensing' segment. The segments previously reported as 'Group' and 'Operations and support' have been combined into a single segment; 'Group, operations and support'. At 28 November 2021, 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 product sales through external affiliates and subscription sales through digital platforms.
- Design, manufacturing and logistics: this includes the design studio (that creates all of the IP and the associated miniatures, artwork, games and publications), the production facilities, the warehouses, logistics costs and charges for inventory provisions. This includes adjustments for the profit in stock arising from inter-segment sales.
- Group, operations and support: this includes the Company's overheads, support services (marketing, IT, accounting, payroll, personnel, procurement, legal, health and safety, customer services and credit control) to activities across the Group and undertakes strategic projects.
- Licensing: this is royalty income earned from third party licensees after deducting associated licensing costs, including the development of licensed media.

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. 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:

	Six months to 28 November 2021 £m	Six months to 29 November 2020 £m	Year ended 30 May 2021 £m
Trade	**108.1**	104.0	194.8
Retail	**41.9**	36.9	70.7
Online	**41.5**	45.9	87.7
Total external revenue	**191.5**	186.8	353.2

2. Segment information continued

For information, we analyse external revenue further below:

	Six months to 28 November 2021 £m	Restated Six months to 29 November 2020 £m	Restated Year ended 30 May 2021 £m
Trade			
UK and Continental Europe	**44.8**	45.9	82.3
North America	**47.8**	44.6	85.4
Australia and New Zealand	**5.7**	5.2	10.2
Asia	**5.1**	4.3	9.0
Rest of world	**3.7**	2.7	5.6
Black Library	**1.0**	1.3	2.3
Total Trade	**108.1**	104.0	194.8
Retail			
UK	**11.8**	7.5	13.3
Continental Europe	**9.5**	9.8	16.4
North America	**16.2**	12.9	28.2
Australia and New Zealand	**3.2**	5.4	10.3
Asia	**1.2**	1.3	2.5
Total Retail	**41.9**	36.9	70.7
Online			
UK	**9.3**	11.6	22.2
Continental Europe	**8.6**	9.4	18.0
North America	**14.4**	16.2	30.6
Australia and New Zealand	**2.5**	3.2	5.5
Asia	**0.2**	0.3	0.5
Rest of world	**0.7**	0.7	1.3
Digital and apps	**5.8**	4.5	9.6
Total Online	**41.5**	45.9	87.7
Total external revenue	**191.5**	186.8	353.2

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

	Six months to 28 November 2021 £m	Restated Six months to 29 November 2020 £m	Restated Year ended 30 May 2021 £m
Trade	**4.9**	5.3	9.1
Retail	**25.7**	25.5	50.2
Online	**4.6**	3.6	7.5
Design, manufacturing and logistics	**1.7**	1.9	4.0
Group, operations and support	**17.2**	14.1	35.0
Licensing	**1.3**	0.6	1.3
Total segment operating expenses	**55.4**	51.0	107.1
Share-based payment charge	**0.6**	0.5	1.2
Profit share scheme and discretionary payment charge	**6.9**	6.3	13.2
Total group operating expenses	**62.9**	57.8	121.5

2. Segment information continued

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

	Six months to 28 November 2021 £m	Restated Six months to 29 November 2020 £m	Restated Year ended 30 May 2021 £m
Trade	**3.5**	3.4	6.4
Retail	**1.6**	1.4	2.8
Online	**1.4**	1.5	2.6
Design, manufacturing and logistics	**88.6**	98.6	175.3
Group, operations and support	**(17.9)**	(14.2)	(36.0)
Licensing	**18.8**	8.1	15.0
Total segment operating profit	**96.0**	98.8	166.1
Share-based payment charge	**(0.6)**	(0.5)	(1.2)
Profit share scheme and discretionary payment charge	**(6.9)**	(6.3)	(13.2)
Total group operating profit	**88.5**	92.0	151.7
Finance income	**0.1**	0.1	0.2
Finance costs	**(0.4)**	(0.5)	(1.0)
Profit before taxation	**88.2**	91.6	150.9

3. Dividends

A dividend of £16.4 million (50 pence per share), declared in the prior period was paid in the six months to 28 November 2021. Dividends of £13.1 million (40 pence per share) and £8.2 million (25 pence per share) were also declared and paid in the six months to 28 November 2021. A further dividend of £11.5 million (35 pence per share) was declared on 18 November 2021 and was paid on 5 January 2022.

Dividends of £9.8 million (30 pence per share) and £16.3 million (50 pence per share) were declared and paid in the six months to 29 November 2020. A further dividend of £19.7 million (60 pence per share) was declared on 7 December 2020 and was paid on 25 January 2021.

4. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	Six months to 28 November 2021 £m	Six months to 29 November 2020 £m	Year ended 30 May 2021 £m
Depreciation			
- Owned property, plant and equipment	**5.7**	4.3	9.2
- Right-of-use assets	**5.5**	5.4	11.0
Amortisation	**4.2**	2.8	6.0
Impairment of computer software	**-**	-	0.4
Redundancy costs and compensation for loss of office	**0.3**	0.5	1.2
Inventory provision creation	**3.2**	0.9	0.9
Reversal of inventory provisions	**-**	(0.8)	-

5. Tax

The taxation charge for the six months to 28 November 2021 is based on an estimate of the full year effective rate of 19.3% (2020: 19.3%). While we continue to expect a rate above that for a business with activities based solely in the UK due to higher overseas tax rates, it will be offset by increased elimination of inter group profit at those same rates.

6. 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 throughout the relevant period.

	Six months to 28 November 2021	Six months to 29 November 2020	Year ended 30 May 2021
Profit attributable to owners of the parent (£m)	**71.2**	73.9	122.0
Weighted average number of ordinary shares in issue (thousands)	**32,786**	32,691	32,733
Basic earnings per share (pence per share)	**217.2**	226.1	372.7

Diluted earnings per share

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

	Six months to 28 November 2021	Six months to 29 November 2020	Year ended 30 May 2021
Profit attributable to owners of the parent (£m)	**71.2**	73.9	122.0
Weighted average number of ordinary shares in issue (thousands)	**32,786**	32,691	32,733
Adjustment for share options (thousands)	**79**	297	194
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**32,865**	32,988	32,927
Diluted earnings per share (pence per share)	**216.6**	224.0	370.5

7. Reconciliation of profit to net cash from operating activities

	Six months to 28 November 2021 £m	Six months to 29 November 2020 £m	Year ended 30 May 2021 £m
Operating profit	**88.5**	92.0	151.7
Depreciation of property, plant and equipment	**5.7**	4.3	9.2
Depreciation of right-of-use assets	**5.5**	5.4	11.0
Impairment of intangible assets	**-**	-	0.4
Loss on disposal of property, plant and equipment	**0.1**	0.2	-
Loss on disposal of intangible assets	**0.3**	-	0.1
Amortisation of capitalised development costs	**3.5**	2.2	4.8
Amortisation of other intangibles	**0.7**	0.6	1.2
Share-based payments	**0.6**	0.5	1.2
Changes in working capital:			
-(Increase)/decrease in inventories	**(6.6)**	1.5	(6.2)
-Increase in trade and other receivables	**(32.0)**	(5.9)	(10.8)
-Increase in trade and other payables	**10.0**	0.2	3.1
-Increase/(decrease) in provisions	**0.2**	(1.0)	(0.9)
Net cash from operating activities	**76.5**	100.0	164.8

8. Other intangible assets

	28 November 2021 £m	29 November 2020 £m	30 May 2021 £m
Net book value at beginning of period	**23.7**	17.6	17.6
Additions	**6.5**	5.5	12.6
Disposals	**(0.3)**	-	(0.1)
Amortisation charge	**(4.2)**	(2.8)	(6.0)
Impairment	**-**	-	(0.4)
Net book value at end of period	**25.7**	20.3	23.7

9. Property, plant and equipment

	28 November 2021	29 November 2020	30 May 2021
	£m	£m	£m
Net book value at beginning of period	**49.8**	42.0	42.0
Additions	**8.6**	4.9	17.7
Disposals	**(0.1)**	-	(0.1)
Exchange differences	**0.3**	(0.4)	(0.6)
Depreciation charge	**(5.7)**	(4.3)	(9.2)
Net book value at end of period	**52.9**	42.2	49.8

10. Right-of-use assets

		Restated	Restated
	28 November 2021	29 November 2020	30 May 2021
	£m	£m	£m
Net book value at beginning of period	**46.0**	36.8	36.8
Additions	**5.2**	19.1	23.0
Disposals	**-**	(0.2)	(0.5)
Exchange differences	**0.7**	(0.6)	(2.3)
Depreciation charge	**(5.5)**	(5.4)	(11.0)
Net book value at end of period	**46.4**	49.7	46.0

The comparative right-of-use assets and corresponding lease liabilities have been restated to reflect the extension of the lease on our warehouse in Memphis, US. The lease renewal was signed in the year ending 31 May 2020 but was not recognised as an addition under IFRS 16. Accordingly, a prior year adjustment was made during the year ended 30 May 2021 to restate the 2020 balances to their correct amounts. The impact of the adjustment was to increase right-of-use assets by £4.9 million and increase current lease liabilities by £0.2 million and non-current lease liabilities by £4.7 million. The impact to the income statement and cash flow statement is below £0.1million and has therefore not been adjusted. There was no impact on any period prior to 2020.

11. Trade and other receivables

	28 November 2021	29 November 2020	30 May 2021
	£m	£m	£m
Trade receivables	**11.4**	10.7	7.8
Prepayments and accrued income	**14.1**	6.8	9.9
Other receivables	**28.0**	15.1	19.2
Total trade and other receivables	**68.7**	32.6	36.9
Non-current receivables:			
Other receivables	**15.2**	7.1	6.3
Non-current portion	**15.2**	7.1	6.3
Current portion	**53.5**	25.5	30.6

Included within prepayments and accrued income are contract assets relating to uninvoiced royalty income amounting to £1.3 million (2020: £1.1 million).

Included within other receivables is invoiced royalty income of £26.1 million (2020: £12.5 million) of which £13.7 million (2020: £5.5 million) is non-current, being in respect of guarantee instalments due in over one year. Also included in other receivables is a VAT receivable of £15.5 million (2020: nil) in respect of outstanding European VAT receipts following Brexit.

12. Seasonality

The Group's monthly sales profile demonstrates an element of seasonality around the Christmas period which impacts sales in the month of December.

13. Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is £5.8 million (2020: £3.6 million).

14. Related party transactions

There were no material related-party transactions during the period.