

GAMES WORKSHOP GROUP PLC

12 January 2021

HALF-YEARLY REPORT

Games Workshop Group PLC ('Games Workshop' or the 'Group') announces its half-yearly results for the six months to 29 November 2020.

Highlights:

	Six months to 29 November 2020	Six months to 1 December 2019
Revenue	£186.8m	£148.4m
Revenue at constant currency*	£188.2m	£148.4m
Operating profit - pre-royalties receivable	£83.3m	£48.5m
Royalties receivable	£8.7m	£10.7m
Operating profit	£92.0m	£59.2m
Operating profit at constant currency*	£93.2m	£59.2m
Profit before taxation	£91.6m	£58.6m
Cash generated from operations	£100.0m	£60.4m
Basic earnings per share	226.1p	145.9p
Dividend per share declared in the period	80p	100p

Kevin Rountree, CEO of Games Workshop, said:

“Another cracking performance from a truly amazing, global team; a solid six months building on the great progress and profitable growth we have been consistently delivering over the last five years.

Finally, I'd like to thank our enthusiastic and loyal fan base who share our love for the Warhammer Hobby and the fantastical settings, characters and narratives that make up our IP. Their ongoing support and feedback have been invaluable, keeping us honest when we have fallen short and driving us onward to continue to deliver more and better.”

...Ends...

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*Constant currency revenue and operating profit are calculated by comparing results in the underlying currencies for 2019 and 2020, both converted at the average exchange rates for the six months ended 1 December 2019.

FIRST HALF HIGHLIGHTS

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Dividend per share declared in the period	80p	100p

Revenue by segment

	Six months to 29 November 2020 Constant currency	Six months to 1 December 2019 Constant currency	Six months to 29 November 2020 Actual rates	Six months to 1 December 2019 Actual rates
Trade	£104.9m	£78.1m	£104.0m	£78.1m
Retail	£37.3m	£45.8m	£36.9m	£45.8m
Online	£46.0m	£24.5m	£45.9m	£24.5m
Total revenue	£188.2m	£148.4m	£186.8m	£148.4m

INTERIM MANAGEMENT REPORT

So far so good

Another cracking performance from a truly amazing, global team; a solid six months building on the great progress and profitable growth we have been consistently delivering over the last five years.

We are pleased to once again report record sales, profit levels and cash generation in the period. This significant achievement is based on a step change in unit sales of our Warhammer 40,000 miniatures across the world; our full range, including Age of Sigmar, has sold well too. I am delighted to report that we have performed particularly well in North America, a territory where we have increased our investment and efforts.

Covid-19

It's been a very busy six months. As ever, our global team has been focused on delivering a better performance, and making the Warhammer Hobby ever more fun and engaging. In the period reported, Covid-19 made it more challenging for us all. Globally, all of our locations have been working within new health and safety guidelines to ensure we deliver on our number one priority: to protect the health, safety and wellbeing of our staff, their families and our customers. Where possible our office based staff (global services, studios, trade sales teams etc.) have worked from home; we have made no decisions yet on whether this is permanent.

Our manufacturing, warehousing and support teams at our main HQ in Nottingham and warehouse hubs in Memphis, Tennessee and Sydney, Australia not only worked well within our new health and safety procedures but they have also made, picked and packed a significant increase in volume compared to the same period last year. A truly impressive performance, especially given the backdrop of some big projects on the go too.

The majority of our 529 retail stores have been restricted or closed during the period, following local government guidelines. It was great to see, during the periods our stores were allowed to open, our store managers doing a fantastic job of delivering their normal outrageous service for our loyal customers during such a challenging time. Our retail offer is one of our unique services. You'll find no better place to immerse yourself in the Warhammer Hobby. In line with our earlier announcement regarding repayment of furlough support and other government subsidies, we are also in the process of cancelling the UK expanded business rates retail discount scheme for 2020/21. We made no claims for financial support or subsidies from government during the period.

We'd like to take the opportunity to acknowledge all 'frontline workers' for helping us keep our business supported during these challenging times. Thanks to you all.

Business model

To strengthen our balance sheet we increased our cash 'buffer' to c.£50 million earlier in the year and, through good monthly net cash generation, we have continued with a policy of self-financing the business and spending within our planned limits. Our internal measures are being met with the exception of 'out of stocks' which are currently running higher than we'd like.

In line with our group profit share scheme and previous years, we have paid in total £1.3 million (2019: £1.1 million) to staff in December. To further reward their exceptional performance in helping to increase our profitability significantly in the period reported, we have also paid in December a discretionary bonus equally to all employees of a total of £5.0 million (2019: £nil).

Total dividends declared in the period reported were 80 pence per share (2019: 100 pence per share) with an additional dividend of 60 pence per share declared on 7 December 2020.

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

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.

- Sales growth - Sales growth (+26%) continues across our trade (+33%), online channels (+87%) and some retail (broadly following the phasing of government lockdown rules).
- Gross margin - up 6% to 75% in the period as a direct result of increasing volumes, offset by the costs of new facilities. Our average RRP increase during the period was broadly the same as last year.
- Cost to sales ratio - at 28% (excluding group profit share and discretionary bonus)(2019: 36%) our costs are under control. Increases in staff costs (3% annual pay rise and increases in headcount) have been offset by lower travel costs.
- Operating profit - pre-royalties receivable - both value (up £35 million to £83 million) and profit to sales ratio (up 12% to 45%) have improved in the period. Our high margins are delivering incremental profit compared to last year at 91% (2019: 55%).
- Net cash generation - up £40 million in the period reported against last year. Our constant focus on managing our balance sheet has ensured our net cash generation has improved in line with our profit improvement.
- Capital investment - to date £6.1 million in capital projects in the first half.
- Returns to shareholders - we have declared £26 million in dividends during the period.
- Foreign exchange differences - the impact on reported profits is not material. We don't actively manage foreign exchange rates, 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 set-backs
- 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 '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.

Our staff - training and development

Our performance, as ever, was driven by a considerable team effort across all aspects of our global, vertically integrated business. It is paramount, then, to our ongoing success that we continue to invest in our people. During the period we have been focused on business recovery rather than training and development: needs must. However, training and development has not been stopped or been forgotten; it remains an area of focus for the year ahead. Our latest tool, our online learning management system, will go live early in 2021. Our global communication forum continues to meet monthly - this year we have appointed 21 representatives from across the business, meeting regularly to discuss the fundamental principles that make our culture so strong and how it helps us deliver our group strategy.

To ensure we can deliver our exciting operational plan, we added 49 heads taking our total workforce to 2,237. Most will help us in our factories and warehousing functions (recognised in cost of goods sold).

I'm delighted to say we now have 165 members of staff who have given their blood, sweat and tears to Games Workshop for over 20 years. They join the 640 who have now been here more than 10 years, and a further 448 who have served for over 5 years. We look forward to our annual veterans night, postponed until 2021, to welcome the 149 people who became 10 year veterans in 2020 and thank them for their remarkable achievements.

Business recovery

Our factory sites and logistics hubs have adopted Covid-19 social distancing measures and practices, above and beyond basic government minimum requirements. Whilst these measures have constrained capacity a little, they have ensured that staff remain safe. As a minimum, we will continue to adhere to government guidelines.

Manufacturing

We have been making miniatures for decades and with our new factory nearly complete, the team have delivered another step change in output - 30% more than this time last year. The new factory is not fully operational but the team have shown how flexible they are and with a bit of nous and determination have delivered everything we asked of them. Our Warhammer 40,000 launch broke records for factory production volumes and they're already planning how they can deliver more, if needed.

With operational recovery now under control, we have restarted the next phase of our manufacturing roadmap which is focused on maximising the output from our current two sites; our manufacturing manager simply calls them Factory 1 and Factory 2. We are also securing a further piece of land adjacent to Factory 2, to give us future options.

Factory 1 is being redesigned and at Factory 2 the machines are in and working in the second tool room, and will be followed by additional injection moulding capacity scheduled to be operational in spring of 2021. Exciting times!

Warehouses

Logistics projects have progressed significantly during the period. The planned increase in warehousing capacity in Memphis is nearing completion with all hardware, equipment and infrastructure elements in place and new IT systems entering the final testing phases in preparation for go live. In the UK, the construction of our new East Midlands Gateway hub near Nottingham has been finished and an interim instance of our warehouse management solution has been implemented enabling us to 'insource' our component logistics operation into the new site from a third party. We've had a few teething issues bringing components stock back in-house all of which will be resolved soon. Robotics solutions, mirroring those deployed in Memphis, are on track to be implemented for the UK finished goods operation during the summer of 2021. During December our warehouse capacity in Memphis was on occasions stretched to its limits and despite an incredible team performance our service levels were not as great as we would have liked. We apologise to our customers for any inconvenience caused and appreciate the support they showed us during the period.

Our 'old' finished goods warehouse in Nottingham is planned to be reconfigured as an on-site component warehouse and offer us some space to support production of paint and resin miniatures.

Brexit

Since the UK referendum result on membership of the EU in June 2016, we have been working to assess and mitigate the likely impacts of Brexit on our customers and suppliers. Prior to the end of the transition period, we prepared for the different potential outcomes whilst a trading agreement was negotiated between the UK and EU. Our fundamental objective is to ensure that we offer continuity of service and supply to our customers, wherever they are.

We identified a number of key areas of focus for a potential Brexit impact and we continue to focus on those areas that could have the most direct impact on our ability to service customers, specifically:

- The movement of goods from the UK to the EU across all sales channels
- The recruitment and retention of EU nationals working in the UK

Our Brexit project group has fully assessed each area, likely impacts have been evaluated and we have put mitigation plans in place.

Customer focus

Existing territories

July saw the release of the latest version of Warhammer 40,000 which has proved our most successful launch to date. The Indomitus box, designed specifically to reward existing customers, sold through extremely quickly and we set up a 'made to order' facility to ensure every customer who wanted a copy got one. New introductory products, launched alongside, make it easier than ever before to get started in our fantastic hobby.

The Lumineth, a new race, kick started the year for Age of Sigmar and the Mega Gargants in October set a new benchmark for monster kits. Our full range of Age of Sigmar continues to perform well.

Export

An extended range of core products have now been certified for China Compulsory Certification (CCC) and have been available in the country. With Space Marines proving to be more popular than ever, we have enjoyed success in stocking and selling selected complementary licensed products within our own sales channels, key amongst which have been some action figures. These are also stocked in mass market locations, helping us with brand awareness.

We are expanding our translation team to ensure our customers in China and other overseas countries can enjoy the official Warhammer experience.

Communities and customer engagement

We have continued to build new physical communities, opening two stores in new locations in the period and c.200 trade accounts.

Our digital engagement continues to increase in reach and scope with warhammer-community.com up to 4.7 million users in the period against 4.5 million in the same period last year. Customer sessions and page views are also up suggesting that those visiting are more engaged.

We have started the migration of customers to 'My Warhammer'. At the moment, this platform makes it easier for customers to access our digital services. In the future, it will be used to deliver the best content yet to our customers. Part of the joy of the Warhammer Hobby is that it brings like-minded people together and provides a sense of shared experience. With most of the world locked down, we wanted to further support to our customers online and launched a series of online preview events. These live-streamed shows revealed new products, provided fun commentary and the chance for our fans to hear from some of our key creatives. The most popular of the online preview shows got over 500,000 views, with the accompanying articles read between 500,000 and 1 million times. We will continue to host these going forwards.

Our fans are more eager than ever for Warhammer news, and to share pictures of, and converse about, their Warhammer Hobby online. We've seen strong growth in followers and interactions across all of our social media profiles. Our largest (and oldest) single social media following remains our Warhammer YouTube page, with over 400,000 followers.

Capital investment

In Design to Manufacture we have invested £3.6 million in facilities, equipment and tooling. In Merchandising and Logistics we have spent £1.4 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 with a new partner to help achieve the completion of this long and complex project. Costs to date are £6.5 million with £0.4 million incurred in the period.

Non core business

Media and entertainment

Our development work on a TV series, based on the Eisenhorn series of novels, continues with the appointment of industry agency representation to help us place the project. We're a little behind our initial target dates but we remain patient as this industry returns to some normality.

Licensing income

Royalties receivable in the period decreased by £2.0 million to £8.7 million. This includes £2.3 million (2019: £6.2 million) of guaranteed royalty income which is recognised on the signing of new licence contracts, while additional royalty income earned increased by £1.9 million to £6.4 million. These headline numbers look great. 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. We are always looking for long term partners that can deliver great quality products in platform, console and digital gaming markets without doing any harm to our IP or the core business. We are currently strengthening our small, dedicated team of experts in Nottingham with in-country resources in North America, Japan and China to support.

Sales

Reported sales grew by 26% to £186.8 million for the period. On a constant currency basis, sales were up by 27% from £148.4 million to £188.2 million; split by channel this comprised: Trade £104.9 million (2019: £78.1 million), Retail £37.3 million (2019: £45.8 million) and Online £46.0 million (2019: £24.5 million).

Trade

Trade achieved growth of 33% with growth in all key countries. In the period, our net number of trade outlets increased by c.200 accounts to 5,100 which helped drive forward sales in this channel. It's worth noting that a large number of independent retailers now also sell our products online, meaning our customers have more choice than ever about where to buy Warhammer.

Retail

Retail is paramount to the Warhammer Hobby. It is the best place to start your journey with us. A dedicated team of retail staff globally help us build local communities and offer Warhammer hobby guidance and support. In the period, we opened, including relocations, 6 stores. After closing 8 stores, our net total number of stores at the end of the period is 529.

As for so long, retail remains a challenging environment. This channel was in decline in most countries broadly in line with government restrictions. If current sales trends were to continue for the full year we would have c. 50 stores which would not break even.

The key priority in the period reported, has been to continue to offer our store managers the appropriate product and sales support to help them recruit new customers and engage our existing customers. We look forward to them all being open again as soon as we are allowed. Ensuring we always recruit great store managers, and offer our customers an exceptional in-store experience, remains a priority for us.

Online

Online sales grew by 87% compared to the same period last year. We continue to improve the online store shopping experience and functionality of the store. It's not currently as great as we'd like it to be. Personalised content and ease of navigation remain areas of focus. 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).

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 five strategic risks to the Group are regularly reviewed by the board. The principal strategic risks identified in 2020/21 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.

- Online selling strategy – as sales through our online channel continues to grow, 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 are reviewing our online selling strategy and the people resources and technology required to deliver it.
- Management – as stated earlier, it is imperative that we have the right people in the right jobs, both now and in the future. This year we focused more on a group wide people plan, to ensure that we have identified the jobs which are critical to the ongoing success of Games Workshop and to ensure that we are proactively planning for the future resource needs of the business. We continue to work on these plans.
- Manufacturing capacity and processes – it is essential that we are able to manufacture product in the right volumes which guarantees stock availability in the right places around the world, and that we continue to innovate in respect of our production methods and processes. We are currently conducting feasibility studies in respect of new production methods and processes for use within our manufacturing operations.
- 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 currently reviewing the structure of our global IT team to ensure the IT support needs of the business can be delivered. This review will be completed and implemented in 2020/21.
- 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 meet 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.

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.

Outlook

I'm really proud to say that I have seen Games Workshop at its very best during these uncertain times: our staff have 'walked the walk' with a can-do attitude offering wonderful support to their work-mates and friends. Our senior team has been on the front foot, not watching but actively managing the constant changes.

We will continue to do what is right for Games Workshop and our customers. We will focus on what is in our control; delivering on our operational plan rather than worrying about, for example, any short term share price volatility or the weather. Most days that's making sure management is doing the right thing for Games Workshop. Ensuring that we have the right person in the right job helps enormously and this is even more important as we continue to grow and we recruit additional senior people. Our biggest risk is senior management becoming complacent. I will continue to do my best to ensure that does not happen.

I'm mindful of the uncertainty caused by Covid-19 and Brexit. Like every other company we have our internal plans as to our future performance, which show a range of outcomes which are not shared with the stock market: predicting the future is always a risky business. To help inform shareholders and followers of Games Workshop as best we can we will continue to provide regular updates of our trading in each current year (much as we do already).

Finally, I'd like to thank our enthusiastic and loyal fan base who share our love for the Warhammer Hobby and the fantastical settings, characters and narratives that make up our IP. Their ongoing support and feedback have been invaluable, keeping us honest when we have fallen short and driving us onward to continue to deliver more and better.

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.

Audit tender

PwC has audited the Group's accounts since 2004/5 although a formal tender process was carried out in 2014/15 where PwC retained the audit. The board and audit committee have remained satisfied with both PwC's quality of service and their independence and objectivity, however given PwC's tenure, the audit committee is recommending to the board that a competitive tender take place in the spring of 2021. Given their term of appointment, PwC will not be asked to take part in the tender. The tender will cover the audit of the 2021/22 accounts and the tender outcome will be put for shareholder approval at the 2021 AGM. The audit committee believes that this timing is in the best interests of shareholders given the tenure of PwC as the Group's auditor as well as allowing for sufficient transition time for the selected audit firm.

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 European Union, 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 31 May 2020:

- The appointment of Sally Matthews as a non-executive director.
- The appointment of Elaine O'Donnell as non-executive chairman from 1 January 2021.
- The retirement of Nick Donaldson as non-executive chairman from 1 January 2021. Nick will retire from the board at the end of May 2021.
- The appointment of John Brewis as senior independent director from 1 January 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

*Constant currency revenue and operating profit are calculated by comparing results in the underlying currencies for 2019 and 2020, both converted at the average exchange rates for the six months ended 1 December 2019.

CONSOLIDATED INCOME STATEMENT

	Notes	Six months to 29 November 2020 £m	Six months to 1 December 2019 £m	Year to 31 May 2020 £m
Revenue	2	186.8	148.4	269.7
Cost of sales		(45.7)	(45.3)	(89.1)
Gross profit		141.1	103.1	180.6
Operating expenses	2	(57.8)	(54.6)	(107.4)
Other operating income – royalties receivable		8.7	10.7	16.8
Operating profit	2	92.0	59.2	90.0
Finance income		0.1	0.1	0.1
Finance costs		(0.5)	(0.7)	(0.7)
Profit before taxation	4	91.6	58.6	89.4
Income tax expense	5	(17.7)	(11.1)	(18.1)
Profit attributable to owners of the parent		73.9	47.5	71.3
Basic earnings per ordinary share	6	226.1p	145.9p	218.7p
Diluted earnings per ordinary share	6	224.0p	144.6p	217.8p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

	Six months to 29 November 2020 £m	Six months to 1 December 2019 £m	Year to 31 May 2020 £m
Profit attributable to owners of the parent	73.9	47.5	71.3
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations	(1.6)	(1.7)	0.5
Other comprehensive (expense)/income for the period	(1.6)	(1.7)	0.5
Total comprehensive income attributable to owners of the parent	72.3	45.8	71.8

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

CONSOLIDATED BALANCE SHEET

	Notes	29 November 2020 £m	1 December 2019 £m	31 May 2020 £m
Non-current assets				
Goodwill		1.4	1.4	1.4
Other intangible assets	8	20.3	18.1	17.6
Property, plant and equipment	9	42.2	39.1	42.0
Right-of-use assets	10	44.8	29.0	31.9
Trade and other receivables		7.1	4.5	7.5
Deferred tax assets		8.9	8.7	8.9
		124.7	100.8	109.3
Current assets				
Inventories		19.6	21.7	20.7
Trade and other receivables		25.5	28.7	19.6
Current tax assets		0.3	0.7	0.2
Cash and cash equivalents		96.5	33.0	52.9
		141.9	84.1	93.4
Total assets		266.6	184.9	202.7
Current liabilities				
Lease liabilities		(8.6)	(8.1)	(8.3)
Trade and other payables		(31.7)	(18.8)	(30.3)
Dividends payable	3	-	(11.4)	-
Current tax liabilities		(4.5)	(2.4)	(2.8)
Provisions for other liabilities and charges		(0.5)	(0.5)	(1.7)
		(45.3)	(41.2)	(43.1)
Net current assets		96.6	42.9	50.3
Non-current liabilities				
Lease liabilities		(36.7)	(20.4)	(23.8)
Other non-current liabilities		(0.6)	(0.9)	(0.5)
Provisions for other liabilities and charges		(1.8)	(1.5)	(1.6)
		(39.1)	(22.8)	(25.9)
Net assets		182.2	120.9	133.7
Capital and reserves				
Called up share capital		1.6	1.6	1.6
Share premium account		14.4	13.0	13.1
Other reserves		3.6	3.0	5.2
Retained earnings		162.6	103.3	113.8
Total equity		182.2	120.9	133.7

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 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 declared 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 2 June 2019 and 3 June 2019	1.6	12.3	4.7	87.9	106.5
Profit for the six months to 1 December 2019	-	-	-	47.5	47.5
Exchange differences on translation of foreign operations	-	-	(1.7)	-	(1.7)
Total comprehensive income for the period	-	-	(1.7)	47.5	45.8
Transactions with owners:					
Share-based payments	-	-	-	0.2	0.2
Shares issued under employee sharesave scheme	-	0.7	-	-	0.7
Deferred tax charge relating to share options	-	-	-	(0.3)	(0.3)
Current tax credit relating to exercised share options	-	-	-	0.6	0.6
Dividends declared to Company shareholders	-	-	-	(32.6)	(32.6)
Total transactions with owners	-	0.7	-	(32.1)	(31.4)
At 1 December 2019	1.6	13.0	3.0	103.3	120.9

	Called up share capital £m	Share premium account £m	Other reserves £m	Retained earnings £m	Total equity £m
At 2 June 2019 and 3 June 2019	1.6	12.3	4.7	87.9	106.5
Profit for the year to 31 May 2020	-	-	-	71.3	71.3
Exchange differences on translation of foreign operations	-	-	0.5	-	0.5
Total comprehensive income for the period	-	-	0.5	71.3	71.8
Transactions with owners:					
Share-based payments	-	-	-	0.5	0.5
Shares issued under employee sharesave scheme	-	0.8	-	-	0.8
Deferred tax credit relating to share options	-	-	-	0.1	0.1
Current tax credit relating to exercised share options	-	-	-	1.3	1.3
Dividends declared to Company shareholders	-	-	-	(47.3)	(47.3)
Total transactions with owners	-	0.8	-	(45.4)	(44.6)
At 31 May 2020	1.6	13.1	5.2	113.8	133.7

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

CONSOLIDATED CASH FLOW STATEMENT

	Notes	Six months to 29 November 2020 £m	Six months to 1 December 2019 £m	Year to 31 May 2020 £m
Cash flows from operating activities				
Cash generated from operations	7	100.0	60.4	127.2
UK corporation tax paid		(13.3)	(16.2)	(20.8)
Overseas tax paid		(2.4)	(1.4)	(1.9)
Net cash generated from operating activities		84.3	42.8	104.5
Cash flows from investing activities				
Purchases of property, plant and equipment		(5.2)	(8.5)	(16.3)
Purchases of other intangible assets		(1.2)	(1.5)	(2.3)
Expenditure on product development		(4.3)	(3.7)	(6.0)
Interest received		0.1	0.1	0.1
Net cash used in investing activities		(10.6)	(13.6)	(24.5)
Cash flows from financing activities				
Proceeds from issue of ordinary share capital		1.4	0.8	0.8
Repayment of principal under leases		(5.3)	(4.9)	(10.3)
Dividends paid to Company shareholders		(26.1)	(21.1)	(47.3)
Net cash used in financing activities		(30.0)	(25.2)	(56.8)
Net increase in cash and cash equivalents		43.7	4.0	23.2
Opening cash and cash equivalents		52.9	29.4	29.4
Effects of foreign exchange rates on cash and cash equivalents		(0.1)	(0.4)	0.3
Closing cash and cash equivalents		96.5	33.0	52.9

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 31 May 2020 were approved by the board of directors on 27 July 2020 and have been delivered to the Registrar of Companies. The report of the auditors 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 29 November 2020 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 European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 May 2020 which have been prepared in accordance with IFRSs as adopted by the European Union.

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 12 January 2021.

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 31 May 2020.

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 31 May 2020, 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. At 29 November 2020, 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.
- Design to manufacture: this includes manufacture of the products and incorporates the production facilities and the design studios. This includes adjustments for the profit in stock arising from inter-segment sales.
- Merchandising and logistics: this includes the warehouses, logistics costs and charges for inventory provisions.
- Group: this includes the Company overheads.
- Operations and support: this provides 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.
- Media and entertainment: the development of digital content for animation and TV.
- Royalties: this is royalty income earned from third party licensees after deducting associated licensing costs.

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 in the year ended 31 May 2020. 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 29 November 2020	Six months to 1 December 2019	Year ended 31 May 2020
	£m	£m	£m
Trade	104.0	78.1	140.0
Retail	36.9	45.8	78.0
Online	45.9	24.5	51.7
Total external revenue	186.8	148.4	269.7

For information, we analyse external revenue further below:

	Six months to 29 November 2020	Six months to 1 December 2019	Year ended 31 May 2020
	£m	£m	£m
Trade			
UK and Continental Europe	45.9	33.9	61.9
North America	44.6	33.9	59.4
Australia and New Zealand	5.2	3.3	5.7
Asia	4.3	3.6	6.5
Rest of world	2.7	2.3	4.1
Black Library	1.3	1.1	2.4
Total Trade	104.0	78.1	140.0
Retail			
UK	7.5	13.7	23.0
Continental Europe	9.8	11.0	19.5
North America	12.9	14.9	25.2
Australia and New Zealand	5.4	4.5	7.6
Asia	1.3	1.7	2.7
Total Retail	36.9	45.8	78.0
Online	45.9	24.5	51.7
Total external revenue	186.8	148.4	269.7

2. Segment information continued

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

	Six months to 29 November 2020	Six months to 1 December 2019	Year ended 31 May 2020
	£m	£m	£m
Trade	5.3	5.1	9.3
Retail	25.5	29.1	55.6
Online	3.6	2.7	5.5
Design to manufacture	0.8	0.8	1.7
Merchandising and logistics	1.1	1.0	2.1
Operations and support	11.9	12.6	26.5
Group	2.2	1.4	2.7
Media and entertainment	0.1	0.1	0.1
Royalties	0.5	0.5	1.0
Total segment operating expenses	51.0	53.3	104.5
Share-based payment charge	0.5	0.2	0.5
Profit share scheme charge	1.3	1.1	2.4
Discretionary payment to employees	5.0	-	-
Total group operating expenses	57.8	54.6	107.4

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

	Six months to 29 November 2020	Restated Six months to 1 December 2019	Year ended 31 May 2020
	£m	£m	£m
Trade	3.4	2.6	4.6
Retail	1.4	1.7	2.9
Online	1.5	0.8	1.7
Design to manufacture	117.7	80.2	134.3
Merchandising and logistics	(18.6)	(20.1)	(36.2)
Operations and support	(12.5)	(13.4)	(27.4)
Group	(2.2)	(1.4)	(2.7)
Media and entertainment	(0.1)	(0.1)	(0.1)
Royalties	8.2	10.2	15.8
Total segment operating profit	98.8	60.5	92.9
Share-based payment charge	(0.5)	(0.2)	(0.5)
Profit share scheme charge	(1.3)	(1.1)	(2.4)
Discretionary payment to employees	(5.0)	-	-
Total group operating profit	92.0	59.2	90.0
Finance income	0.1	0.1	0.1
Finance costs	(0.5)	(0.7)	(0.7)
Profit before taxation	91.6	58.6	89.4

During the prior year the Group reassessed the operating profit margins of the sales segments. Operating profit margins have been set at benchmark levels comparable with third party businesses performing similar functions. Amounts as at 1 December 2019 have been restated to reflect this change.

3. Dividends

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 is to be paid on 25 January 2021.

Dividends of £9.8 million (30 pence per share) and £11.4 million (35 pence per share) were declared and paid in the six months to 1 December 2019. A further dividend of £11.4 million (35 pence per share) was declared during the period and was paid prior to the approval of the consolidated interim financial information.

4. Profit before taxation

The following costs have been incurred in the reported periods in respect of ongoing redundancies, inventory provisions and impairments:

	Six months to 29 November 2020	Six months to 1 December 2019	Year ended 31 May 2020
	£m	£m	£m
Redundancy costs and compensation for loss of office	0.5	0.1	0.2
Impairment of property, plant and equipment	-	0.1	0.1
Impairment of right-of-use assets	-	-	0.2
Inventory provision creation	0.9	2.9	6.4
Reversal of inventory provisions	(0.8)	-	-

5. Tax

The taxation charge for the six months to 29 November 2020 is based on an estimate of the full year effective rate of 19.3% (2019: 19.0%). 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. The result of the prior year calculation varies from the amount presented in this note due to the effect of rounding only.

	Six months to 29 November 2020	Six months to 1 December 2019	Year ended 31 May 2020
Profit attributable to owners of the parent (£m)	73.9	47.5	71.3
Weighted average number of ordinary shares in issue (thousands)	32,691	32,530	32,602
Basic earnings per share (pence per share)	226.1	145.9	218.7

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 29 November 2020	Six months to 1 December 2019	Year ended 31 May 2020
Profit attributable to owners of the parent (£m)	73.9	47.5	71.3
Weighted average number of ordinary shares in issue (thousands)	32,691	32,530	32,602
Adjustment for share options (thousands)	297	280	134
Weighted average number of ordinary shares for diluted earnings per share (thousands)	32,988	32,810	32,736
Diluted earnings per share (pence per share)	224.0	144.6	217.8

7. Reconciliation of profit to net cash from operating activities

	Six months to 29 November 2020	Six months to 1 December 2019	Year ended 31 May 2020
	£m	£m	£m
Operating profit	92.0	59.2	90.0
Depreciation of property, plant and equipment	4.3	4.5	8.8
Depreciation of right-of-use assets	5.4	4.6	10.1
Impairment of property, plant and equipment	-	0.1	0.1
Impairment of right-of-use asset	-	-	0.2
Impairment of intangible assets	-	-	0.3
Loss on disposal of property, plant and equipment	0.2	-	-
Loss on disposal of intangible assets	-	-	0.3
Amortisation of capitalised development costs	2.2	2.5	4.9
Amortisation of other intangibles	0.6	0.6	1.2
Share-based payments	0.5	0.2	0.5
Changes in working capital:			
-Decrease in inventories	1.5	2.1	3.7
-Increase in trade and other receivables	(5.9)	(11.9)	(5.1)
-Increase/(decrease) in trade and other payables	0.2	(1.7)	10.7
-(Decrease)/increase in provisions	(1.0)	0.2	1.5
Net cash from operating activities	100.0	60.4	127.2

8. Other intangible assets

	29 November 2020	1 December 2019	31 May 2020
	£m	£m	£m
Net book value at beginning of period	17.6	16.0	16.0
Additions	5.5	5.2	8.3
Disposals	-	-	(0.3)
Amortisation charge	(2.8)	(3.1)	(6.1)
Impairment	-	-	(0.3)
Net book value at end of period	20.3	18.1	17.6

9. Property, plant and equipment

	29 November 2020	1 December 2019	31 May 2020
	£m	£m	£m
Net book value at beginning of period	42.0	35.3	35.3
Additions	4.9	8.5	15.5
Exchange differences	(0.4)	(0.1)	0.1
Depreciation charge	(4.3)	(4.5)	(8.8)
Impairment charge	-	(0.1)	(0.1)
Net book value at end of period	42.2	39.1	42.0

10. Right-of-use assets

	29 November 2020	1 December 2019	31 May 2020
	£m	£m	£m
Net book value at beginning of period	31.9	-	-
Additions recognised on transition to IFRS 16	-	33.6	33.6
Additions	19.1	0.8	8.3
Disposals	(0.2)	(0.1)	(0.1)
Exchange differences	(0.6)	(0.7)	0.4
Depreciation charge	(5.4)	(4.6)	(10.1)
Impairment charge	-	-	(0.2)
Net book value at end of period	44.8	29.0	31.9

Effective from 3 June 2019, the Group applied for the first time IFRS 16 'Leases', which replaced the previous accounting standard, IAS 17 'Leases'. Assets arising on the transition to IFRS 16 are disclosed in the table above.

11. Seasonality

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

12. Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is £3.6 million (2019: £4.6 million).

13. Related party transactions

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