EDISON

Games Workshop Group

From tabletop to top line

H126 results

Consumer goods

2 March 2026

Games Workshop Group (GAW) is a vertically integrated designer, manufacturer and distributor of fantasy miniatures and tabletop games, which have high customer loyalty. A combination of improved product innovation, engagement with customers, enhanced geographic distribution and leveraging its intellectual property (IP) into other media via third-party licensees has driven strong rates of revenue growth. A relentless focus on costs has delivered a step change in profitability and cash generation and an enviable return on capital that has consistently been well above 100% for its core non-licensing business. In addition to impressive rates of growth, shareholders are rewarded with a favourable distribution policy under which management returns truly surplus cash that typically leads to multiple distributions through the financial year.

Year end	Revenue (£m)	PBT (£m)	EPS (£)	DPS (£)	P/E (x)	Yield (%)
5/24	525.7	203.0	4.58	4.20	39.0	2.3
5/25	617.5	262.8	5.94	5.20	30.1	2.9
5/26e	645.9	250.2	5.68	5.20	31.5	2.9
5/27e	678.1	265.4	6.02	5.20	29.7	2.9

Note: PBT and EPS are normalised, excluding amortisation of acquired intangibles and exceptional items.

Structural growth less dependent on new editions

Against a backdrop of continuous profit growth, GAW's typical triennial releases of new editions of its two main IPs, Warhammer 40K (40K) and Warhammer Age of Sigmar (AoS), have tended to drive relatively higher rates of core revenue growth in the year 40K is released than in the following year when AoS is released and the next year. Therefore, core's constant currency revenue growth in FY25 (16%) and H126's core revenue growth (c 18%) have positively surprised versus FY24 (c 14%), when the last new edition of 40K, GAW's largest IP, was launched. We believe this reflects management's strategy of providing something new for hobbyists, with new products through the year for each of the IPs, thus keeping customer engagement and excitement high.

Upgrading FY26e profit by 4%

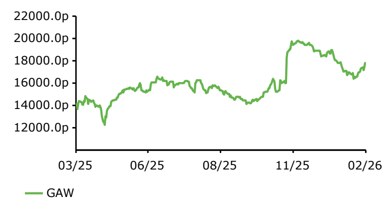
On the release of the H126 trading update in November 2025, we upgraded our FY26 reported PBT estimate by c 12%. In this report we upgrade our FY26 reported PBT estimate by 4% to take account of the H126 results published in January. We assume limited core revenue growth in H226 with sterling strength providing a headwind to growth. We also introduce estimates for FY27, which include 5% total revenue growth. Management has yet to confirm the launch of a new edition of 40K in the summer of 2026 (ie FY27). However, the potential release is being discussed on online gaming sites and would certainly fit the historical three-year cycle.

Valuation: Above recent average multiples

The FY26e EV/sales multiple of 8.9x and P/E multiple of 31.5x are both ahead of the average multiples of recent years. We believe this reflects expectations for further upgrades, as well as some excitement for potential future incremental revenue from the licence with Amazon.com, although the latter is not likely for 'several years'.

Price	**17,890.00p**
Market cap	**£5,912m**
Net cash at 30 November 2025 (excluding lease liabilities of £49.8m)	£171.1m
Shares in issue	33.0m
Free float	100.0%
Code	GAW
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(2.3)	(9.7)	26.5
52-week high/low		19,789.6p	11,984.8p

Business description

Games Workshop is a leading international specialist designer, manufacturer and multi-channel retailer of miniatures, scenery, artwork and fiction for tabletop miniature games set in its fantasy Warhammer worlds.

Next events

FY26 results	July 2026

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Games Workshop Group is a research client of Edison Investment Research Limited

Investment summary

Company description: Global leader in specialist hobby

GAW is the global leader of, and the only quoted company providing exposure to, the rapidly growing market for tabletop miniature gaming. Its miniatures, accessories and games are set in fantasy and science fantasy settings that appeal to dedicated enthusiasts with a wide age range. It is vertically integrated, controlling every aspect of the design, manufacturing, marketing and distribution of its products globally.

The strategy has delivered strong growth in core revenue (nine-year CAGR of 18% at constant currency) and operating profit (nine-year CAGR of c 38% at constant currency) by developing more product ranges with clear and structured price points, while increasing its use of online and social media marketing to engage with customers. Global distribution has increased through a multichannel network of stores, websites and more third-party sellers in more countries. GAW is highly cash generative, while funding investment in fixed and working capital to support its long-term growth strategy. The impressive growth and high cash conversion have supported strong returns to shareholders. Management's financial prudence is reflected in a strong balance sheet and the success of GAW's strategy is evidenced by the quoted return on capital employed (RoCE) of 191% in FY25.

Financials: Structural growth with phasing

In our note we examine how the releases of new editions of its two main properties, 40K and AoS, have historically driven core revenue growth and profitability. There is a clear pattern of a new edition of each being launched every three years. The new editions obviously catch the headlines and raise investors' expectations as well as the excitement of the hobbyists. However, this is only the start of the process. Management's aim on a monthly basis is to keep the growth ball rolling. It does this by releasing new products for each of the properties through the three years until the next new edition is launched. This means hobbyists should always be able to find something new to buy. The strong growth that has continued in FY25 and H126 shows management is doing a good job of keeping hobbyists engaged. While these two main IPs get most of the attention, management is also focused on developing other properties. Here, we note the July 2025 launch of a new edition of The Horus Heresy, which followed the prior editions in June 2022 and 2012. Perhaps this is a new three-year cycle emerging for the characters and games. Time will tell.

Valuation: Trading multiples above recent average multiples

In the Valuation section below we attempt to show the level of future revenue growth discounted in the current share price. In the analysis we include some incremental revenue for core that is likely to emerge as more potential customers are exposed to GAW's IP from the new licensing deal with Amazon.com. For this we include a 30% boost to core revenue, building gradually over three years from FY29 given that management has indicated it will take 'several years' for the content to be developed and produced. From a profit perspective, we assume the company sees a similar level of operational gearing (ie drop through of incremental revenue to operating profit) and working and fixed capital intensity as historically. The analysis shows the current share price is discounting a 10% revenue CAGR for both core and licensing beyond our FY27 forecast period. In the calculation we use an estimated weighted average cost of capital (WACC) of 9.5%, which includes a risk-free rate of 4.5%, beta of 1.0 and equity risk premium of 5.0% (source: Damodaran, January 2026). In Exhibit 18 we show the sensitivity of the valuation to changes in the FY27–35 revenue CAGR and the level of operational gearing. In Exhibit 20 and Exhibit 21 we show how prospective EV/sales and P/E multiples respectively compare with the company's trading history over the long term. The significant increase in profitability and RoCE has led to a deserved re-rating.

Sensitivities: Product cycles, technology, infrastructure and expansion

GAW's financial results are influenced by the scheduling of new editions and releases of its core IPs. Over the long term, there is a risk the existing technology for manufacturing plastic miniatures could be replaced by 3D printers. This is a challenge for the future as the best 3D printers cannot replicate the quality, and certainly not at the scale of production with which GAW manufactures its miniatures. GAW continues to invest in new infrastructure and updating older infrastructure, each of which has the potential to cause near-term disruption. The majority of GAW's sales and purchases are transacted in sterling, US dollars and euros, and fluctuations in forex rates have the potential to affect sales and margins.

Company description: Global leader in specialist hobby

GAW is a leading international specialist designer, manufacturer and seller of miniatures, scenery, hobby materials, fiction and artwork for tabletop miniature games set in its fantasy and science fantasy worlds. The company has two main universes/settings. The first is the dark, gritty fantasy sci-fi universe, which encompasses Warhammer 40,000 (Warhammer 40K, or often simply 40K), Warhammer: The Horus Heresy and Necromundo. The second is the unique fantasy setting that includes Warhammer Age of Sigmar (AoS), Blood Bowl and Warhammer: The Old World. It also holds the licence for The Lord of the Rings and The Hobbit tabletop battle games.

GAW's Warhammer hobby concept is centred on customers collecting, building and painting miniatures that can be used in games played against fellow enthusiasts, either privately or at organised events.

GAW started out in the 1970s as three games fanatics selling handmade classic wooden games from their homes in London and, later, a chain of general games shops. In 1981, the company provided funding to help establish Citadel Miniatures, a manufacturer of metal miniatures based in Nottinghamshire, which was later fully integrated into GAW. In 1991, Tom Kirby, who remained chairman of GAW until 2017, led a management buyout from the remaining founder, Bryan Ansell, ahead of the company's IPO in 1994. In 2015, Kevin Rountree, who had been CFO in 2008 and COO in 2011, took over as CEO.

Kevin and his team's focus on customer engagement across all media, greater innovation in terms of the number, quality and speed to market of new products, more structured pricing including focusing on attracting customers with starter sets, with increased openness to fully exploring the IP's potential as a licensed property, welcomed in a new era of success and rapid growth for GAW. This has been coincident with GAW's enhanced distribution, through increasing its multichannel distribution network of stores, websites and third-party sellers globally, which have made the Warhammer hobby more accessible to a wider audience. As a result, GAW has delivered strong financial results in recent years.

All products are designed in-house and manufactured at the company's manufacturing, distribution and head office facilities in Nottingham. This supplies two own-managed distribution hubs in Memphis, US, and Sydney, Australia, and two third-party managed warehouses in China and Japan.

Strategy: World domination in miniature form

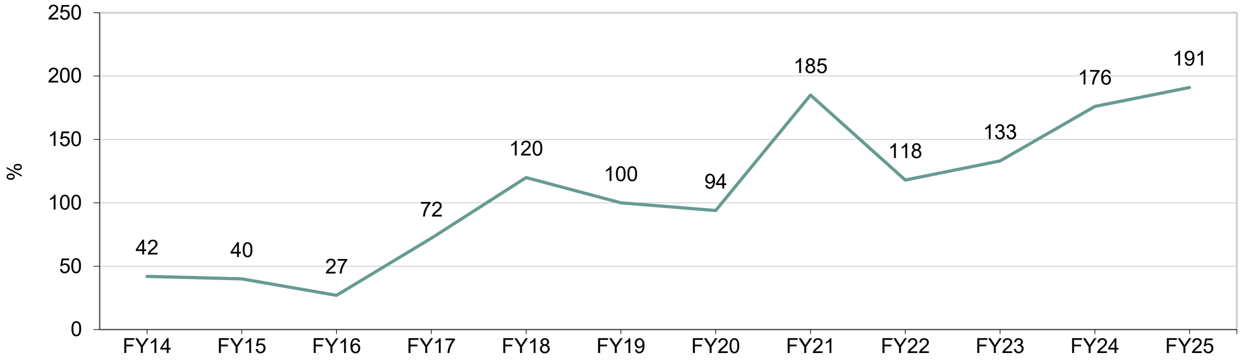
GAW has a clear long-term strategy: 'To make the best fantasy miniatures in the world, to engage and inspire our customers, and to sell our products globally at a profit. We intend to do this forever. Our decisions are focused on long-term success, not short-term gains.' That it has achieved core revenue and EPS CAGRs of 18% at constant currency and 34%, respectively, from FY16 to FY25 and now generates more than three-quarters of its revenue outside the UK is testament to the success of the strategy. GAW's strategy has five key pillars:

- Making high-quality miniatures: management focuses on making models that are the best in the world and are sold at a price that reflects the investment in their quality. GAW products are differentiated by the craftmanship, skill and cutting-edge technology used in the design and manufacturing processes and the high quality is reflected in pricing. The company offers a broad range of price points depending on the size and intricacy of the item and importance in the game.
- IP ownership: innovation and IP ownership are at the heart of the business. The company employs over 300 employees in design and development in its design studios to develop the Warhammer worlds and all miniatures, artwork, games and publications that it sells. The number of design and development staff has doubled since FY15. It also leverages its IP by seeking long-term licensing partners, for example to create computer games and other media content.
- Customer focus: GAW aims to communicate with its customers in an open, fun way. It uses its online news and content site www.warhammer-community.com and social media extensively to communicate with existing and new customers. Offline, GAW has worked closely with, and provided support to, community groups and event organisers to provide more opportunities for enthusiasts to participate in Warhammer activities (collect, build, paint, play) more often. It has created a Warhammer World visitor centre at its site in Nottingham, as well as Warhammer cafés for enthusiasts to shop at and participate in events.
- Global expansion: the Warhammer hobby is not a mainstream interest; therefore, GAW tries to attract new enthusiasts all over the world. Management believes there are significant opportunities in core overseas markets, while looking for opportunities in new markets. It aims to build sales profitably through each of its three distribution

channels: Trade, Retail and Online. Management believes that the potential spend per population in any country is influenced by relative purchasing power and leisure time, and that culturally no country is off limits.

- Delivering good cash returns: GAW delivers outstanding returns on capital (Exhibit 1) due to its vertical integration and full control over its IP and achieves a high cash generation ratio (Exhibit 15). Its growth is entirely funded from operating cash flow and 'truly surplus cash' is regularly distributed to shareholders through the year as visibility on cash flow improves: dividends have grown at a CAGR of 33% from FY16 to FY25.

Exhibit 1: Core return on capital employed



Source: Games Workshop Group

The brand and products

Warhammer: An unrivalled global phenomenon

One of GAW's greatest strengths is its control over every aspect of its brand and products, from concept and design to manufacture and distribution. The company creates miniatures, scenery, fiction, artwork and the overarching framework of rules for games to be played in two key Warhammer universes: 40K and AoS.

For some customers, there is a higher level of interest in the painting, customisation and collecting of miniatures, but many also enjoy playing the game. In the game, players build armies from the many miniatures of the factions available, which have their own strengths, abilities and 'worth', in order to battle with their opponent(s), who will typically have different miniatures. Simplistically, dice rolls determine how far the miniatures can move towards opponents in the game in order to battle their opponents. While there is some unpredictability about the rolls of the dice, the skill is in the composition and the positioning of the battling miniatures.

The Warhammer brand has existed for more than 30 years and is the undisputed leader for fantasy and science fantasy tabletop miniature games, with a global following of dedicated enthusiasts.

Warhammer 40K

Since its launch in 1987, 40K has become one of the most popular and long-established IPs in the world and accounts for a high proportion of the group's revenue. The setting is a mixture of futuristic science fantasy and gothic fantasy with battles taking place on a post-apocalyptic war-scape in the 41st millennium. Humankind fights for survival, aided by the superhuman Space Marines as they fend off alien monsters and other horrors.

The first edition of the 40K tabletop miniature game was released by GAW in 1987 and the most recent 10th edition was released in June 2023. The ninth, eighth and seventh editions were launched in July 2020, June 2017 and May 2014, respectively, which suggests new editions are released every three years. Although not confirmed by management, a number of online gaming sites are discussing the potential for the 11th edition to be launched in the summer of 2026, thus sustaining the three-year cycle. Each edition adds new rules for playing games, refines existing ones and expands the IP of the universe in which the game is set.

The Warhammer 40K universe includes the Horus Heresy, which retells the fictional history of the 40K universe. The setting has been explored as part of a *New York Times* best-selling novel series and developed into a tabletop miniature game. Centred around a galaxy-spanning civil war taking place 10,000 years before 40K, it puts one of GAW's core properties, the Space Marine, front and centre. The first edition was launched in 2012 and hobbyists had to wait a long time for an update, with new editions launched in June 2022 and July 2025. It will be interesting to see whether a new three-year cycle is starting for the Horus Heresy, in the year following new editions of 40K and AoS (see below).

Warhammer AoS

GAW developed this unique fantasy IP to replace its Warhammer Fantasy Battle setting (originally released in 1983 and which went through multiple editions) as its core fantasy universe. Launched in July 2015, it is set in the Mortal Realms, a series of eight magical realms interconnected by Realmgates. These are the focus of fierce battles between mighty heroes, vengeful gods and fantastical creatures. With its unique IP and dynamic, engaging game, it has proved to be more popular than Fantasy Battle ever was, and its appeal shows no sign of slowing. The fourth edition of AoS was launched in July 2024, following the launches of the second and third editions in June 2018 and 2021, suggesting new editions for this property are also released every three years.

The Warhammer AOS universe includes the Old World, a prequel to the Warhammer Fantasy Battles. The initial launch of Old World was in January 2024.

Product ranges expanded to attract new hobbyists

The majority of GAW's products are made from plastic and carry the Citadel logo. Citadel miniatures mostly need to be assembled and painted, with varying levels of skill required. Price points vary widely, depending on the size and detail of the products, of which, in store, there are over 1,000. Individual miniatures start from £12 and range up to c £120 for giant monsters and war machines. A further 2,200 miniatures are available online.

To make Warhammer more accessible, the Warhammer Studio has developed a series of starter box sets for 40K and AoS. These are priced from £42 for a set of 16 miniatures plus a 48-page introductory guide to £134 for a set of 44 miniatures plus scenery pieces, a gaming board and a rule book. A range of easy-to-build figures, which do not require glue to assemble, has been introduced, priced from £13.

The company also produces resin models aimed at more experienced Warhammer hobbyists. The models are typically larger than the Citadel miniatures and require more time and skill to prepare, assemble and paint. An individual figure might cost anywhere between £17 and £400, whereas a top-of-the-range Warlord Titan (a hulking war machine), weighing 10kg and more than half a metre tall, costs over £1,264.

The company produces a range of Citadel paints, paint brushes and other modelling accessories. A starter set of paints and tools costs £27+.

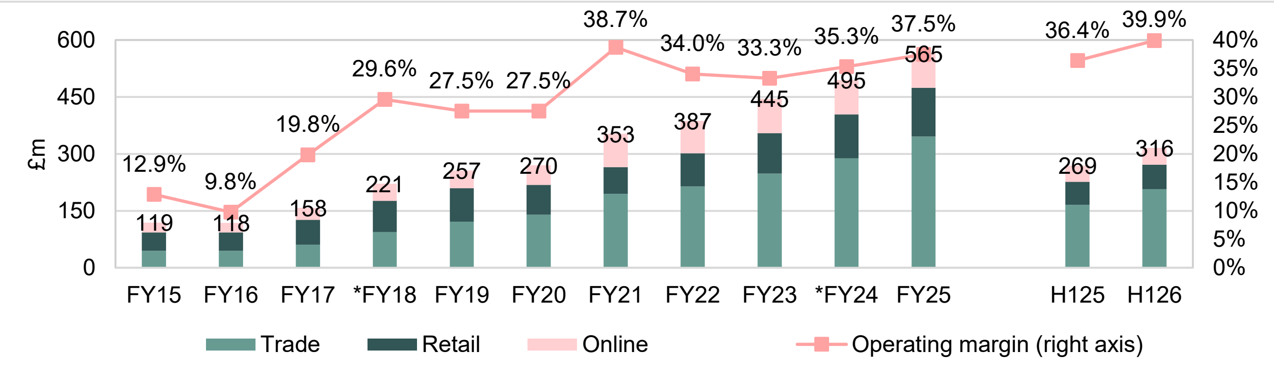
The Black Library studio commissions an extensive collection of fiction novels, novellas and short stories in book and audio format in Warhammer settings that helps to widen the audience and further enrich the IP. With the cost of paperback and hardback titles broadly comparable with that of high street retailers, Black Library also commissions a range of high-value (£45+) collectors' and limited editions.

Distribution: An integrated multichannel proposition

Distribution: An integrated multichannel proposition

GAW has an integrated approach to selling its products internationally via three channels: Trade, Retail and Online, which in aggregate represent 'core' revenue. Over time, Trade and Online have grown in importance to the group.

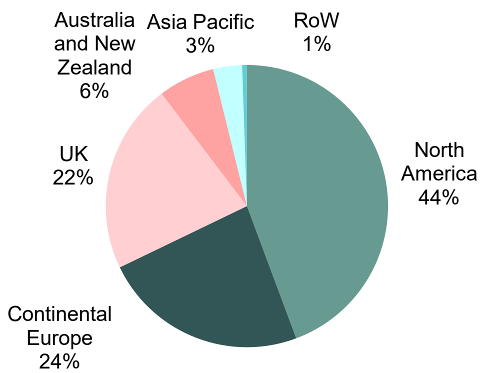
Exhibit 2: Core revenue and profitability



Source: Games Workshop Group, Edison Investment Research. Note: *53 weeks.

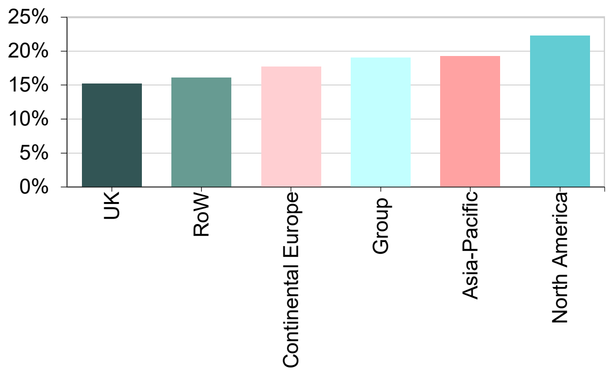
GAW has been extremely successful in its strategy of seeking enthusiasts across the globe, such that International accounted for 79% of core revenue in FY25. Although GAW's own stores are in 24 countries, it sells in many more countries through the additional reach of its websites and trade accounts (71 countries in FY25), many of which have their own international multichannel offering.

Exhibit 3: Core revenue by geography FY25



Source: Games Workshop Group

Exhibit 4: Core revenue CAGR FY16–25



Source: Games Workshop Group, Edison Investment Research

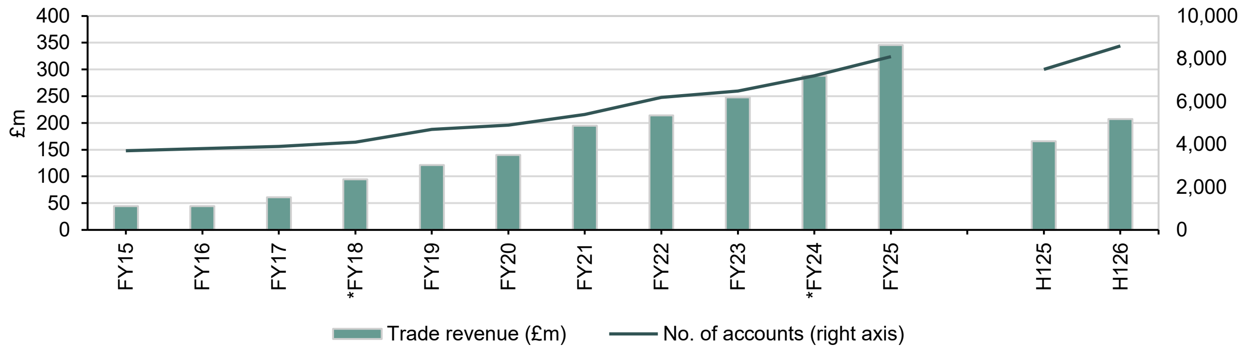
The company delivered impressive growth across all of its main markets in FY16–25, with the highest rates of growth in North America and Asia-Pacific. Management believes there are significant opportunities for growth in its core markets. GAW continues to drive growth through new store openings, investment in its trade sales teams, and multi-language and currency websites, alongside use of social media marketing to promote the brand and new product launches.

Trade (61% of FY25 core revenue; c 26% CAGR FY16–25)

Trade represents sales to independent retailers (some have a retail and online presence), distributors and Black Library, GAW's publishing sales to the book trade. Trade is by far GAW's largest source of revenue and is a key part of GAW's global expansion strategy, particularly in countries where it does not yet have its own store presence or where it is not currently economical to do so.

Trade has been the fastest-growing component of GAW's revenue, achieving a CAGR of 26% from FY16 to FY25. The growth reflects continuous growth in the number of trade accounts including geographic expansion, as well as from the pipeline of new releases. From an FY16 base of 3,800 accounts, GAW has added an average of c 480 net new trade accounts per year, equivalent to a CAGR of c 9%, taking the number of accounts to 8,100 at the end of FY25 and 8,600 at the end of H126. The rate of new account additions has accelerated in recent years, with 700 net new accounts added in FY24 and FY25. The relative growth rates of Trade revenue and the number of accounts suggests that GAW has enjoyed greater spend per account on average.

Exhibit 5: GAW's Trade revenue and number of accounts



Source: Games Workshop Group. Note: *53 weeks

The number of countries served by Trade accounts had gradually increased from 52 in FY15 to 71 at the end of FY25. In more recent years, management has deployed a project team to potentially open up more countries in East Asia and is working with its local distributor in Mexico on a growth plan for Latin America in future years.

The majority of account sales are made via telesales teams based in Nottingham, Barcelona, Memphis, Sydney, Tokyo, Shanghai, Singapore, Hong Kong and Kuala Lumpur.

Although Trade is dilutive to gross margin, as products are sold at a discount to retail price, it is less capital intensive and achieves a higher operating margin than Retail. Its growing importance has, therefore, been important to the progression of GAW's operating margin.

Retail (23% of FY25 core revenue; c 11% CAGR FY16–25)

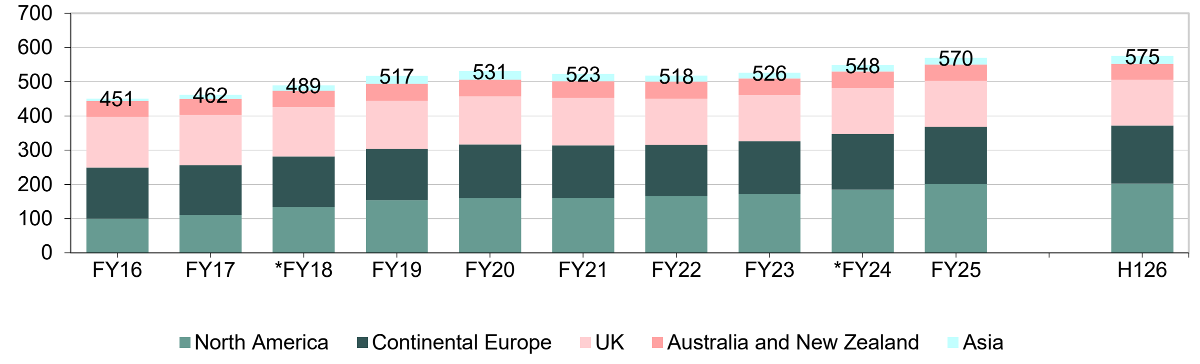
Retail includes revenue from the company's own stores, the visitor centre in Nottingham and other hosted events around the globe. The Warhammer World visitor centre, located at GAW's headquarters, has become a place of pilgrimage for enthusiasts of the Warhammer hobby.

With a CAGR of 11% since FY16, Retail has grown at a slower rate than Trade and Online, albeit this includes some disruption caused by the COVID-19 pandemic from FY20.

The stores are a valuable means of engaging with new and existing customers, and emphasis is placed on recruiting genuine enthusiasts to sell the products and run a variety of free-to-attend workshops and activities in store. A store is typically opened when the local Warhammer community is of sufficient size and a physical presence is better suited to further developing that community. Given the company's extensive IP and product range, the stores do not offer the full range of products, only newly released products, and the appropriate core ranges. As 'destination' stores, these are typically located away from prime retail thoroughfares. The stores are typically single staff, with 424 of the 548 stores at the end of May 2025 staffed by just one person.

GAW's growth has been driven by new store openings with increased geographic coverage with some disruption from FY20 due to the COVID-19 pandemic.

Exhibit 6: GAW's retail store numbers by region



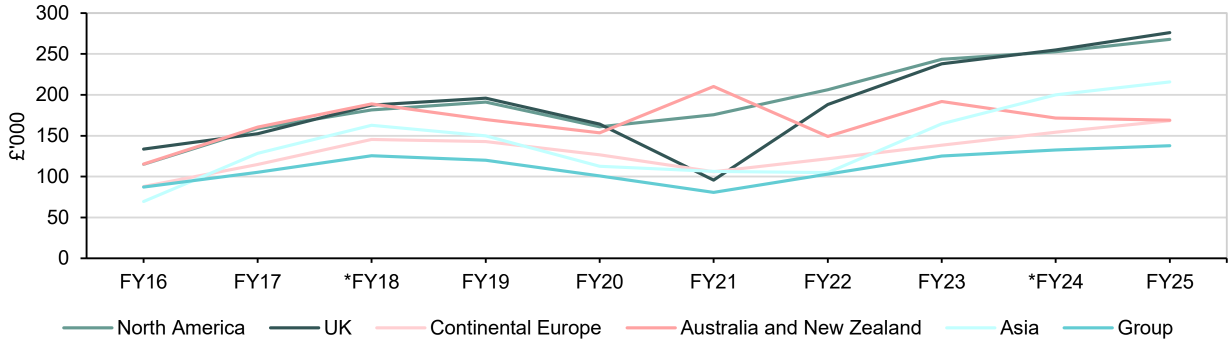
Source: Games Workshop Group. Note: *53 weeks.

Prior to the pandemic, management targeted about 25 net new store openings per year, predominantly in North America and Germany. Openings were paused during the early stages of the pandemic as management focused on improving the performance of the existing stores, and the number of stores declined marginally in FY22.

In FY26, management's priority is to open new stores in North America, Continental Europe and Japan.

There has been a broad improvement in the sales productivity (ie revenue per store) in sterling over the long term. The differing sales productivities between the regions reflect differing product prices and maturity profiles of the stores.

Exhibit 7: Revenue per average store



Source: Games Workshop Group, Edison Investment Research. Note: *53 weeks.

Online (16% of FY25 core revenue; c 15% CAGR FY16–25)

Online includes sales through the company's own webstores, the online subscription service (Warhammer+) and other digital sales through affiliates. GAW runs three websites: warhammer.com for Citadel products plus separate sites for Forge World and Black Library.

GAW continues to invest in the online shopping experience and to develop its sites in other languages and currencies, as evidenced by the October 2023 launch of the new Warhammer.com store. The first phase focused on moving to a new, more stable platform. The second phase will add extra functionality to improve the shopping experience. Every GAW retail store has a web terminal for customers to access the full range of more than 3,200 products, compared with c 1,000 items available in store.

Leveraging the IP

Licensing

Outside the sale of physical products, management was historically cautious about leveraging its IP into other media due to its desire to protect the integrity of its IP (a matter of finding the right partners, formats and contractual terms) or the potentially prohibitive internal investment required to develop content in specific media (eg films or television programmes). This has changed in recent years as management has invested resources in understanding how the media and entertainment industries work, as well as investing in staff to develop new partnerships.

The greatest success during the past 20 years has been in video games (PC, console and mobile), which have represented the majority (81% in FY25) of licensing income, but GAW also generates revenue from other consumer products and games.

With respect to other media, GAW is regularly in discussions with potential new partners, while continuing to invest in recruiting people with media experience to accelerate the development of the business.

Agreement with Amazon has caused much excitement

In December 2022, management announced it had reached an agreement in principle with a subsidiary of Amazon.com to develop GAW's IP into films and television series and to grant associated merchandising rights, initially focused on the Warhammer 40K universe but with an option to extend rights in the AoS universe. In December 2023, management announced the companies were working together (for 12 months until December 2024) to agree creative guidelines for the content and the agreement would only proceed if creative guidelines were mutually agreed. In December 2024, management confirmed it had reached a final agreement with Amazon to adapt the Warhammer 40K universe into films and television series, with associated merchandising rights. Amazon also has an option for exclusive rights in the Warhammer Fantasy universe (ie AoS and Old World) after the release of any initial 40K production. As with any other licence, the terms are confidential.

The aim of the exclusive agreement is to initially place the 40K intellectual property into new markets and to a wider audience, which naturally should generate incremental new revenue. Management hopes the content encourages more people to take up the hobby and benefit the core business. The content production cycle for film and television series is long and 'may take a number of years' to benefit GAW's results. The latest update we have had on the Amazon partnership was in the H126 results when management highlighted the live action 'endeavour' is still in development with its partners (Amazon MGM Studios, Henry Cavill (a self-proclaimed superfan) and Vertigo) and is likely to be several years before it is released.

Separate to the main initiative, there has already been a taster of the IP in digital format with a 40K episode on Amazon Prime's animation show, *Secret Level*. Management states the episode was well received. Management is currently working with writers to determine how they can continue the success. Beyond 40K, work is almost complete on a standalone AOS episode for Prime Video.

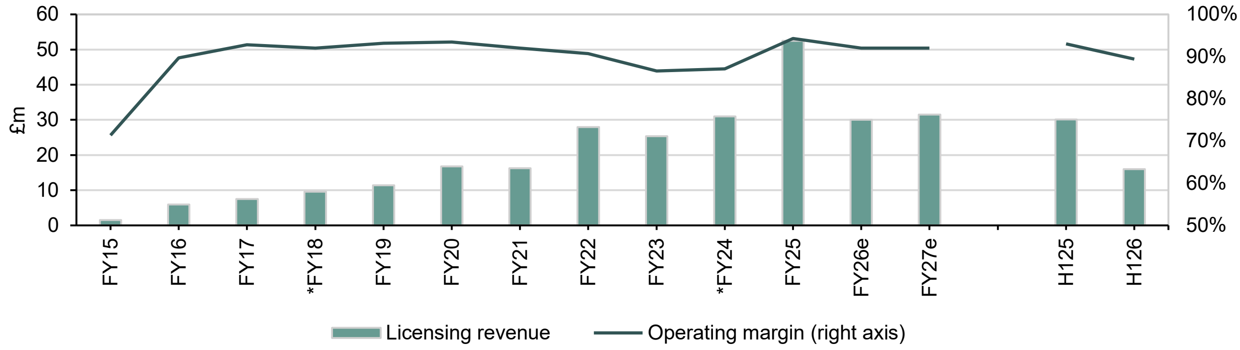
So, there appears to be steady progress on the film and TV content production side. The announcement of the agreement with Amazon certainly provided a boost to the share price, along with the upgrades to profit estimates since, of course, as we will show in the Valuation section of this report.

Licensing income is 'lumpy' with high profitability

The level of licensing income is a function of the number of licences and the success of those licences, which has limited visibility. Typically, GAW receives a percentage of the licensee's gross profit. The lumpiness of licensing revenue in the income statement is accentuated by the accounting, with all minimum guarantee revenue recognised in the period a new licence is signed, and any revenue above the minimum guarantee is recognised when earned. Also, there can be a mismatch between the revenue recognition in the income statement and the cash receipts, particularly with respect to the minimum guarantee, which can be received over a number of years.

With low associated incremental costs in developing and maintaining these relationships, licensing income has a 100% gross margin and high operating margin, typically high 80s or low 90s.

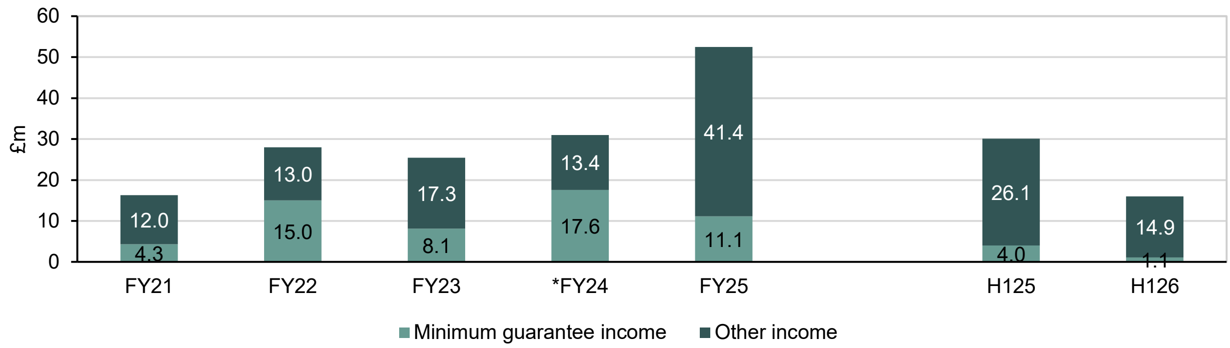
Exhibit 8: Licensing financials



Source: Games Workshop Group, Edison Investment Research. Note: *53 weeks.

The variability of both minimum guarantee and other income since FY21, when GAW increased its disclosure with respect to licensing, is shown in Exhibit 9. The extraordinary success of the *Space Marine 2* video game in FY25 is apparent, taking GAW's licensing revenue to an all-time high.

Exhibit 9: Sources of licensing revenue



Source: Games Workshop Group. Note: *53 weeks.

Online and social media marketing

Given the niche nature of the Warhammer hobby, GAW engages in only targeted marketing. It does this with a dedicated in-house team that creates the majority of the marketing content. This allows for greater quality and better cost efficiencies. GAW has three dedicated filming studios from which it records and streams content on Warhammer-community.com. The company releases videos frequently, including tutorials on how to build and paint miniatures and how to play the various games. Beyond this, there is a wealth of content available online, which has been created by enthusiasts. It also streams events live on interactive gaming site *Twitch*.

The My Warhammer account, a gateway into the Warhammer community, was launched in FY21. The user base has grown quickly to 735k active users at the end of FY25, from 565k at the end of FY24.

In August 2021 GAW launched Warhammer+, an online subscription service that includes animated shows as well as gaming and painting shows. In addition to content, the service gives subscribers access to free exclusive miniatures and more features. At the time of writing, the subscription cost £5.99/month (on a rolling basis) or £49.99/year. This has also shown rapid growth, with subscribers reaching 232k at the end of FY25 versus 176k at the end of FY24.

The market

The genesis of fantasy tabletop games stretches back to the phenomenal success of the role-playing game Dungeons & Dragons in the 1970s, but it was not until GAW entered the market that the popularity of tabletop miniature games really took off. Once considered a pastime for 'geeks', tabletop games based on strategy and luck where players control miniatures have been growing in popularity and appeal to a wider demographic. As the market leader for tabletop miniature games, this is partly attributable to GAW's recent initiatives to improve its product ranges and engage with customers, and reflects the desire of many customers to find new ways to fill their leisure time and interact with friends in a social and often 'analogue' setting.

We have not been able to find any market data or estimates for prospective growth rates.

High barriers to entry

GAW does not have a direct competitor. It is a niche market player with a longstanding reputation for producing the world's best miniatures for its globally successful Warhammer IPs. Although a number of smaller, privately owned businesses, often set up by enthusiasts, have emerged with their own brands of tabletop miniature games, GAW's scale, expertise and accumulated, rich IP are unrivalled. Its loyal customers invest significant time and money in their collections, thus reducing the likelihood of switching to a different brand. The large, listed manufacturers, including Mattel, Tomy and Hasbro, are primarily focused on board games and other mainstream toys, but also have some presence in the fantasy arena, including tabletop, card and video games.

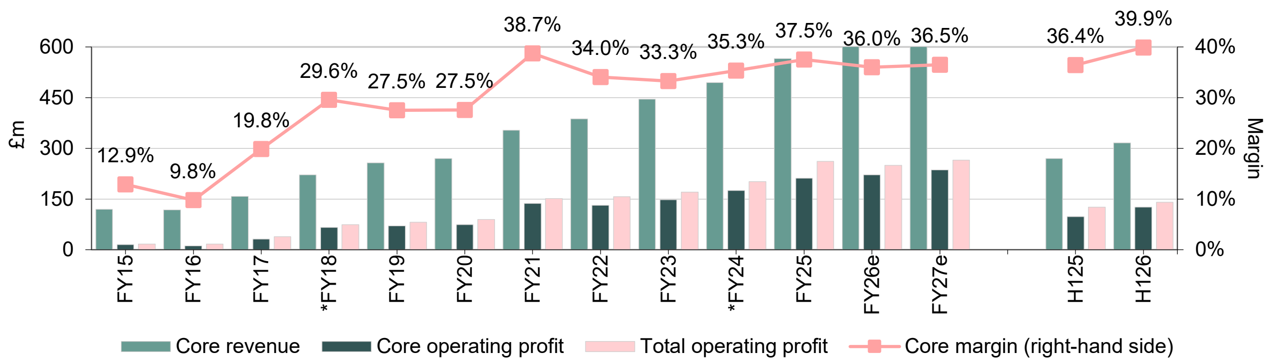
Financials

Management's strategy of growing the pipeline of new launches, improved product development, increasing geographic reach to its hobbyists through more own-stores, trade accounts and increasing online distribution, and better leveraging of its IP have delivered impressive financial results since FY15. GAW has reported a core revenue CAGR of 18% at constant currency and operating profit including licensing income of 36% from FY16 to FY25.

The company enjoys good pricing power, with typical prices of low/mid-single digits on new products. However, price increases have been higher and broader in years of input inflation.

In the early years, the company enjoyed high operational gearing on its core revenue as it grew, although the core operating margin has typically been in the mid-30s since FY22. With limited direct operating costs and a 100% gross margin, licensing's operating margin is around 90%, and therefore can represent a large swing on overall profitability and margins depending on how its revenue grows.

Exhibit 10: Summary financials



Source: Games Workshop Group, Edison Investment Research. Note: *53 weeks.

Income statement

Before we look at GAW's recent financial results and our estimates, we examine how its core revenue growth and profitability have varied with the launches of its two main IPs, 40K and AoS, over the long term. Naturally, in any year there can be one-off effects on individual costs that distort profitability. However, here we are trying to identify any consistent changes.

First, we should state we believe that 40K is GAW's largest IP from a revenue perspective, and the implied higher volume should be positive for operational leverage, all other things being equal. Second, revenue generated in any financial year is not solely due to the release of new editions because the individual properties generate revenue over multiple years as new products for each property are launched through the three years between the new editions in order to keep the hobbyists excited and engaged.

Exhibit 11: Financial effects and phasing of new editions

	FY15	FY16	FY17	*FY18	FY19	FY20	FY21	FY22	FY23	*FY24	FY25	H125	H126
Property (edition) launch	40K (7th)	Sigmar (1st)		40K (8th)	Sigmar (2nd)		40K (9th)	Sigmar (3rd)		40K (10th)	Sigmar (4th)	Sigmar (4th)	
Date of launch	May 2014	July 2015		June 2017	June 2018		July 2020	June 2021		June 2023	July 2024	July 2024	
Core revenue growth y-o-y (constant currency)	(0.3%)	(0.8%)	21.4%	40.8%	15.4%	4.6%	33.9%	10.8%	9.6%	13.9%	16.0%	16.4%	15.6%
Core gross profit (£m)	82.1	80.6	114.4	157.1	173.3	180.6	256.9	259.4	296.2	343.5	392.5	181.9	219.5
Absolute y-o-y change in gross profit (£m)	(4.6)	(1.5)	33.8	42.7	16.2	7.3	76.3	2.5	36.8	47.3	49.0	18.4	37.6
Core gross margin	69.0%	68.3%	72.4%	71.0%	67.5%	67.0%	72.7%	67.1%	66.5%	69.4%	69.5%	67.5%	71.2%
Gross margin change y-o-y	(1.3%)	(0.7%)	4.1%	(1.4%)	(3.5%)	(0.6%)	5.8%	(5.6%)	(0.6%)	2.9%	0.0%	(1.9%)	1.9%
Core operating profit (£m)	15.4	11.5	31.4	65.5	70.6	74.3	136.7	131.7	148.2	174.8	211.8	98.1	126.1
Absolute y-o-y change in core operating profit (£m)	(0.4)	(3.8)	19.8	34.1	5.1	3.7	62.4	(5.0)	16.5	26.6	37.0	14.7	28.0
Core operating margin	12.9%	9.8%	19.8%	29.6%	27.5%	27.5%	38.7%	34.0%	33.3%	35.3%	37.5%	36.4%	39.9%
Core operating margin change y-o-y	0.2%	(3.1%)	10.1%	9.7%	(2.1%)	0.0%	11.2%	(4.7%)	(0.8%)	2.1%	2.2%	1.0%	3.5%

Source: Games Workshop Group, Edison Investment Research. Note: *53 weeks.

We make a number of key observations:

- With respect to the phasing of the new editions of its main properties, there has been a clear three-year cycle, with 40K released in the financial year before AoS, and the majority of new releases have occurred in June and July, at the start of the financial years. Therefore, this historical pattern would infer the 11th edition of 40K will likely be released in the summer of 2026. However, this has not been confirmed by management.
- From a core revenue perspective, growth in the third or 'off year' of this cycle (ie when there has not been a launch of a new edition of it two main properties) has typically been lower than in the preceding two years. 'Typically' is the key word here as the c 16% constant currency core revenue growth in H126 was a pleasant surprise when announced. We believe this shows that management's strategy of releasing new products for each of the main properties through the three-year cycles is keeping hobbyists engaged by presenting fresh, new products.
- Core's gross margin has ranged in the high 60s to low 70s over the long term. However, trends of when it has been higher or lower depending on which new edition is released have not been consistent. GAW saw reductions in gross margins when AoS was launched in FY19 and FY22 versus FY18 and FY21, respectively, when 40K was launched. Conversely, the gross margin was relatively unchanged from FY24 to FY25. The third 'off year' of the three-year cycle has typically seen a lower gross profit than the preceding two years. Again, we can see what a surprise H126's performance was when it was reported.
- There was a similar pattern to the operating margins as for gross margins.

For the core business, the average drop through of incremental revenue to operating profit has been c 40% from FY17–25.

In addition to the above influence of scale from the respective launches, core's profitability is influenced by specific changes in input and operating costs, mix of products sold between old and new, forex (79% of revenue is earned overseas and is unhedged versus an unquantified but higher proportion of cost in the UK) and distribution channel.

In Exhibit 12 we show the changes to core's gross margin over the long term, as identified by management. One of the most important changes on an annual basis, positive and negative, is the inventory provision, which is dependent on the sell-through of individual product lines relative to expectations.

Exhibit 12: Core gross margin reconciliation

	FY22	FY23	FY24*	FY25	Cumulative FY22-FY25	H126
Prior period core gross margin	**72.7%**	**67.1%**	**66.5%**	**69.4%**	**72.7%**	**67.5%**
Inventory provision	(2.7%)	0.9%	0.7%	(0.2%)	(1.3%)	1.1%
Carriage/logistics	(2.4%)	(0.7%)	1.1%	0.6%	(1.4%)	0.5%
Staff costs	(0.6%)	0.0%	0.0%	0.0%	(0.6%)	0.0%
Materials	0.0%	(0.6%)	(0.1%)	0.1%	(0.6%)	0.5%
Production	0.0%	0.8%	0.2%	0.0%	1.0%	0.0%
Design	0.0%	0.0%	0.0%	(0.2%)	(0.2%)	0.7%
Price	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
Tariffs	0.0%	0.0%	0.0%	0.0%	0.0%	(1.8%)
Warehouse and logistics	0.0%	0.0%	(0.2%)	0.0%	(0.2%)	0.7%
Other	0.2%	0.0%	0.2%	0.0%	0.4%	(0.2%)
Current period core gross margin before animation	**67.1%**	**67.5%**	**68.4%**	**69.7%**	**69.7%**	**69.2%**
Animation	N/A	(1.0%)	1.0%	(0.2%)	(0.2%)	0.2%
Current period core gross margin after animation	**67.1%**	**66.5%**	**69.4%**	**69.5%**	**69.5%**	**69.4%**

Source: Games Workshop Group. Edison Investment Research. Note: *53 weeks.

Of note in the H126 results was a new 180bp reduction in core's gross margin as a result of the tariffs introduced by the US government. The quantified cost of £6m was half of the £12m annual impact that management anticipated at the start of the year. This has been more than offset by price efficiencies, price increases, more stable commodity prices and lower stock write-offs.

Having looked at the long-term dynamics of core's revenue growth and profitability, we turn to the wider group's recent results and our new estimates. It is fair to say that the results for FY25 and H126 have bucked the long-term trend of GAW's typical performance around the launches of new editions. Exhibit 13 shows our updated estimates for FY26 and our new estimates for FY27 following the publication of GAW's H126 results.

Exhibit 13: Summary income statement

£m	*FY24	H125	H225	FY25	H126	H226e	FY26e	FY27e
Total revenue	**525.7**	**299.5**	**318.0**	**617.5**	**332.1**	**313.8**	**645.9**	**678.1**
Growth y-o-y (%)	11.7	20.9	14.4	17.5	10.9	(1.3)	4.6	5.0
Constant currency y-o-y (%)	14.7	23.4	16.2	19.6	11.8	N/A	N/A	N/A
- Core revenue	**494.7**	**269.4**	**295.6**	**565.0**	**316.1**	**299.8**	**615.9**	**646.6**
Growth y-o-y (%)	11.1	14.3	14.1	14.2	17.3	1.4	9.0	5.0
Constant currency y-o-y (%)	13.9	16.4	15.6	16.0	18.4	N/A	N/A	N/A
- Licensing revenue	**31.0**	**30.1**	**22.4**	**52.5**	**16.0**	**14.0**	**30.0**	**31.5**
Growth y-o-y (%)	22.0	148.8	18.5	69.4	(46.8)	(37.5)	(42.9)	5.0
Constant currency y-o-y (%)	29.1	159.5	24.3	77.1	(47.8)	N/A	N/A	N/A
Total gross profit	**374.5**	**212.0**	**233.0**	**445.0**	**235.5**	**219.4**	**454.9**	**477.7**
Gross margin (%)	71.2	70.8	73.3	72.1	70.9	69.9	70.4	70.4
- Core gross profit	**343.5**	**181.9**	**210.6**	**392.5**	**219.5**	**205.4**	**424.9**	**446.2**
Core gross margin (%)	69.4	67.5	71.2	69.5	69.4	68.5	69.0	69.0
- Licensing gross profit	**31.0**	**30.1**	**22.4**	**52.5**	**16.0**	**14.0**	**30.0**	**31.5**
Licensing gross margin (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Core operating costs	(168.7)	(83.8)	(96.9)	(180.7)	(93.4)	(109.8)	(203.2)	(210.2)
Licensing operating costs	(4.0)	(2.1)	(0.9)	(3.0)	(1.7)	(0.7)	(2.4)	(2.5)
Total operating profit	**201.8**	**126.1**	**156.7**	**261.3**	**140.4**	**108.9**	**249.3**	**265.0**
Margin	38.4	42.1	49.3	42.3	42.3	34.7	38.6	39.1
- Core operating profit	**174.8**	**98.1**	**113.7**	**211.8**	**126.1**	**95.6**	**221.7**	**236.0**
Core operating margin (%)	35.3	36.4	38.5	37.5	39.9	31.9	36.0	36.5
Constant currency y-o-y (%)	25.2	22.5	29.4	26.1	29.6	N/A	N/A	N/A
- Licensing operating profit	**27.0**	**28.0**	**21.5**	**49.5**	**14.3**	**13.3**	**27.6**	**29.0**
Licensing margin (%)	87.1	93.0	96.0	94.3	89.4	95.0	92.0	92.0
Constant currency y-o-y (%)	30.9	164.0	0.0	91.9	(50.0)	N/A	N/A	N/A
Reported profit before tax	**203.0**	**126.8**	**157.5**	**262.8**	**140.8**	**109.4**	**250.2**	**265.4**
Tax	(51.9)	(31.6)	(35.1)	(66.7)	(35.3)	(27.3)	(62.6)	(66.4)
Tax rate (%)	25.6	24.9	22.3	25.4	25.1	24.9	25.0	25.0
Reported profit after tax	**151.1**	**95.2**	**122.4**	**196.1**	**105.5**	**82.2**	**187.7**	**199.1**
EPS fully diluted (p)	458.2	288.4	305.1	593.5	319.3	248.3	567.6	601.7
DPS (p)	420.0	185.0	235.0	520.0	225.0	260.0	520.0	540.0

Source: Games Workshop Group, Edison Investment Research. Note: *53 weeks.

FY25 surpassed FY24's expected 'financial high point'

At the start of FY25, management highlighted the challenge of surpassing FY24's results as historically the launch year of a new edition of 40K is normally the financial high point until the next edition of 40K. FY25's results were much better than anticipated by management, with core constant currency revenue growth of 16%, versus FY24's 13.9%. Interestingly, the reported growth rate was higher than the two prior financial years in which a new edition of AoS was launched, c 15% in FY19 and c 11% in FY22. As we mentioned earlier, revenue in any year is a function of products sold across all GAW's properties. Therefore, it is difficult to say how much of this growth was due solely to AoS. However, the figures shown in Exhibit 11 suggest each new release of each new edition is attracting interest from a growing number of hobbyists, and management's strategy of launching new products through the three-year cycle to keep customers engaged is working.

Despite the better-than-expected revenue growth, core's gross margin was relative stable versus FY24, increasing year-on-year by 10bp to 69.5%. The c 7% increase in operating costs to £180.7m, lower than revenue growth, provided the operating leverage and drove the core operating margin to 37.5%, from 35.3% in FY24.

The strong core performance was complemented by a record year for licensing, which included the phenomenal success of the *Space Marine 2* video game, with revenue growing to £52.5m, almost 80% higher than FY24's £29.1m. The record licensing revenue and associated high operating margin provide a tough comparative for overall group profit growth in FY26.

H126 another positive surprise

Now we turn to FY26, which is an 'off year' with respect to launches of new editions of the main properties. Based on the analysis in Exhibit 11 it was reasonable to expect a slower rate of growth in the core business than in FY24 and FY25. The H126 trading update published in November 2025 certainly provided yet another positive surprise. When the H126 results were published in January, core's constant currency revenue growth was quantified at over 18%. We believe this reflects a good sell-through on new products for 40K and AoS.

Core's better-than-expected revenue growth translated to a much better gross margin of 69.4% versus H125's 67.5%. Despite the tariff-related headwind of 180bp, a lower inventory provision (+110bp), more favourable carriage/logistics (+50bp), more favourable materials costs (+50bp) and more favourable design costs (+70bp) were the main drivers to the improvement in core's gross margin (see Exhibit 12). Core's operating costs increased by just under £10m, or by c 11%, so there was further operating leverage with the operating margin increasing to 39.9% from 36.4% in FY25.

It was no surprise to see a reversion to more normal levels for licensing in H126, with revenue almost halving to £16m from c £31m in H125.

FY26 and FY27 estimates

On the release of the H126 trading update in November 2025, we upgraded our FY26 reported PBT estimate by c 12%. Following the publication of H126 results in January 2026, we have upgraded our FY26 revenue forecast by 2% and reported PBT by 4%.

Exhibit 14: Changes to FY26 forecasts

£m	FY25	FY26e new	FY26e old	FY26e change (%)
Revenue	**617.5**	**645.9**	**631.2**	**2**
Growth y-o-y (%)	17.5	4.6	2.2	
- Core revenue	565.0	615.9	605.0	2
Growth y-o-y (%)	14.2	9.0	7.1	
- Licensing revenue	52.5	30.0	26.2	14
Growth y-o-y (%)	69.4	(42.9)	(50.0)	
Operating profit	**261.3**	**249.3**	**240.1**	**4**
Margin (%)	42.3	38.6	38.0	
- Core operating profit	211.8	221.7	216.0	3
Margin (%)	37.5	36.0	35.7	
- Licensing operating profit	49.5	27.6	24.1	14
Margin (%)	94.3	92.0	92.0	
Reported PBT	**262.8**	**250.2**	**239.9**	**4**
Dividend per share (£)	**5.20**	**5.20**	**5.20**	**0**

Source: Games Workshop Group, Edison Investment Research

As can be seen in Exhibit 13 our new FY26 forecasts imply a similar absolute level of core revenue and gross profit in H226 as H225, which implies a good slowdown in growth versus H126. We note sterling's recent strength versus the US dollar provides a headwind for H226. The current spot rate of c US$1.35/£ and the average through H226 to date of c U$1.34/£ compare with the average through H225 of US$1.28/£. The Japanese yen has also depreciated versus sterling, by about 9% in H226 to date versus H225, while the euro and Australian dollar have strengthened by 4% and 3%, respectively.

We include a further increase in core operating expenses of c £13m versus H225, equivalent to year-on-year growth of c 13%.

For FY27, we assume 5% revenue growth for both core and licensing, and an improvement in core's operating margin to 36.5% from 36.0% in FY26.

Dividends

GAW's dividend policy is to return 'truly surplus cash' to shareholders, which is after a required cash buffer to fund near-term operating and capital requirements. The cash buffer is defined as three months of working capital requirements (now £80m, increased from £50m) alongside three months of tax payments and any large, planned capital purchases or group profit share payments/bonuses over £1m.

Here we would highlight that dividend payments are not made with any reference to an earnings payout ratio. There can be mismatches between the accounting for licensing income, with minimum guarantees recognised in the income statement in the first year of a new licence, and the subsequent receipt of cash from those licences.

GAW typically announces and distributes multiple dividends in a financial year as visibility on cash flow improves through the year. In FY26 to date, management has declared six dividends (85p/share, 55p, 85p, 100p, 50p and 110p) for a cumulative 485p/share, which compares with four dividends (100p/share, 85p, 80p and 155p) for a cumulative 420p/share at the same stage in FY25.

Cash flow

The significant improvement in GAW's profitability over the long term (ie since FY15) has produced higher operating and free cash flow on an absolute basis and relative to revenue, while investing in its infrastructure and product development to support long-term growth.

Exhibit 15 shows the main drivers of cash flow generation relative to total revenue. The lumpiness of licensing revenue and its associated high profitability will affect the ratios and there may be a timing mismatch between the accounting of the revenue and the cash received.

Exhibit 15: Summary cash flow

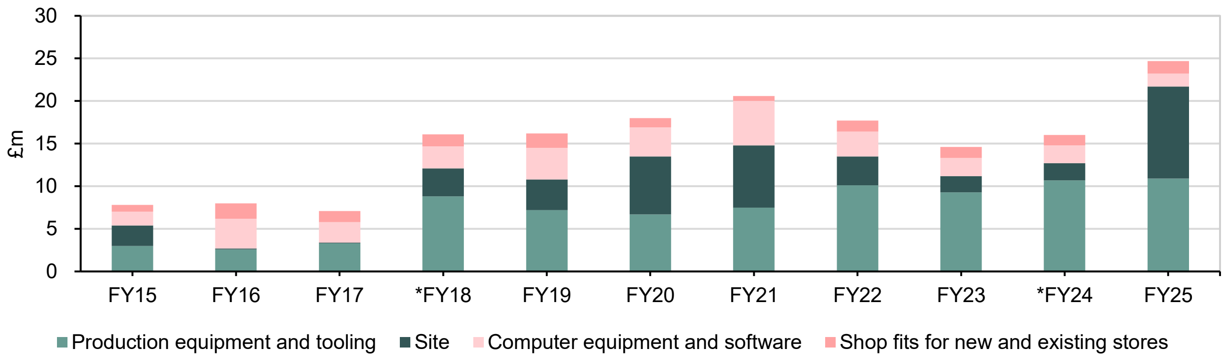
As % of total revenue	FY15	FY16	FY17	* FY18	FY19	FY20	FY21	FY22	FY23	*FY24	FY25	H125	H126
Operating cash flow	**19.3%**	**19.5%**	**26.5%**	**30.4%**	**27.1%**	**36.5%**	**35.9%**	**29.3%**	**40.9%**	**37.3%**	**40.1%**	**33.5%**	**21.4%**
- Operating profit	13.7%	13.6%	23.1%	32.2%	30.3%	31.4%	41.1%	37.9%	36.2%	38.4%	42.3%	40.2%	21.7%
- Depreciation, amortisation and impairments	9.2%	8.4%	6.6%	5.3%	5.9%	5.4%	4.2%	6.0%	6.6%	5.6%	5.1%	5.4%	2.4%
- Working capital	(1.9%)	(0.6%)	(0.1%)	(1.9%)	(3.4%)	3.8%	(4.0%)	(8.7%)	4.0%	(1.5%)	0.5%	(6.0%)	0.7%
- Tax paid	(1.9%)	(2.1%)	(3.3%)	(5.3%)	(6.1%)	(7.9%)	(8.7%)	(9.1%)	(8.3%)	(7.9%)	(10.4%)	(8.7%)	(4.8%)
Investing cash flow	**(10.1%)**	**(10.1%)**	**(7.7%)**	**(9.3%)**	**(8.4%)**	**(8.6%)**	**(8.1%)**	**(7.7%)**	**(5.8%)**	**(5.7%)**	**(6.2%)**	**(6.3%)**	**(3.5%)**
- Capex	(5.6%)	(4.3%)	(3.3%)	(6.4%)	(5.1%)	(5.7%)	(4.7%)	(4.1%)	(3.1%)	(3.0%)	(3.9%)	(4.0%)	(2.4%)
- Intangibles	(0.8%)	(2.2%)	(1.1%)	(0.6%)	(0.7%)	(0.8%)	(0.8%)	(0.3%)	(0.1%)	(0.3%)	(0.1%)	(0.1%)	(0.0%)
- Capitalised development	(3.8%)	(3.7%)	(3.4%)	(2.3%)	(2.6%)	(2.1%)	(2.6%)	(3.4%)	(2.8%)	(2.9%)	(2.7%)	(2.7%)	(1.3%)
- Lease repayments	N/A	N/A	N/A	N/A	N/A	(3.6%)	(2.7%)	(2.7%)	(2.5%)	(2.2%)	(2.0%)	(2.3%)	(1.1%)
Free cash flow before interest	**9.2%**	**9.4%**	**18.8%**	**21.0%**	**18.7%**	**24.3%**	**24.9%**	**18.7%**	**32.5%**	**29.1%**	**31.7%**	**24.7%**	**16.8%**
Net finance receipts/(payments)	0.1%	0.1%	0.1%	(0.0%)	0.0%	0.0%	(0.2%)	(0.1%)	0.1%	0.3%	0.2%	0.2%	0.1%
Free cash flow after interest	**9.2%**	**9.5%**	**18.8%**	**21.0%**	**18.7%**	**24.4%**	**24.7%**	**18.5%**	**32.5%**	**29.4%**	**31.9%**	**24.9%**	**16.8%**
Dividend payments	(13.8%)	(10.4%)	(14.4%)	(16.8%)	(18.8%)	(16.5%)	(16.4%)	(22.5%)	(29.0%)	(26.3%)	(27.8%)	(19.4%)	(11.5%)

Source: Games Workshop Group, Edison Investment Research. Note: 53 weeks.

Working capital has typically represented an outflow as the company has grown. However, changes in the receivable for licensing income can have an important influence. For example, the current licencing receivable increased to £16.4m at the end of FY25 versus £9.6m at the end of FY24. Part of this increase was due to the strong performance of the *Space Marine 2* video game, which significantly exceeded its minimum guarantee, and therefore the excess cash became payable. By the end of H126 the current licensing receivable had reduced to £12.5m, and therefore this positive move in working capital was helpful for dividend payments.

GAW's total investment in capex, intangibles and capitalised development has averaged just under 9% of core revenue, with an annual range of 6–11%, since FY15. There is a natural variability to capital investment as and when GAW has to invest in new manufacturing and warehousing infrastructure ahead of future anticipated growth.

Exhibit 16: Capital spend



Source: Games Workshop Group. Note: 53 weeks.

Balance sheet

The company has historically had a conservative balance sheet, with a closing net cash position in every year since FY10. Management's objective is not to use long-term debt to finance the business. However, overdraft facilities may be used to finance working capital, if required.

At the end of H126 the closing cash position was £171m and the company had IFRS 16 liabilities of c £50m.

Sensitivities

Product ranges and licensing: GAW has an extensive range of existing and new products. Its financial results are influenced by the phasing of the release dates and relative sales of new editions of the major properties. In recent years there has been a clear triennial phasing of launches of new editions of its most important properties: 40K (FY15, FY18, FY21 and FY24) and AoS (FY16, FY19, FY22 and FY25). There is limited visibility on the rate at which the company will leverage its IP through licensing partnerships and how successful the partnerships will be. Licensing has represented a significant driver to the group's profitability since FY15 and a continuously growing 'library' of IP should enable future growth.

Technology: GAW has invested heavily in its manufacturing facilities and equipment to produce plastic miniatures. Although there is a small risk that existing processes are eventually replaced by 3D printers, this is a challenge for the long term as even the best 3D printers cannot replicate the quality, and certainly not at the scale of production with which GAW manufactures its miniatures. As an expert in its field, GAW remains at the forefront of injection moulding and all other miniatures technology.

Exchange rates: The majority of GAW's sales and purchases are transacted in sterling, US dollars and euros, and fluctuations in exchange rates have the potential to affect headline sales and margins. The company does not hedge its exposure to forex risk. There is a mismatch between the currency exposure of GAW's revenues and costs, with the main costs overseas being warehousing in North America and Australia and the costs of GAW's own store portfolio in other countries. According to the company's FY25 annual report, a 15% depreciation of the US dollar and euro to sterling would create income statement losses of £3.2m and £1.9m, respectively.

Cost of goods: There is limited disclosure with respect to GAW's key purchased inputs. As a manufacturer of plastic and resin products it is exposed to significant changes in commodity prices. In recent years, commodity costs have not been highlighted as an important driver of changes in margin. With a high international presence (79% of core revenue was earned outside the UK in FY25), GAW is exposed to disruption and changes in costs of freight, as highlighted in the Financials section of this note.

Infrastructure: GAW has continued to invest in its physical and technology infrastructure.

Valuation

We look at GAW's valuation from three perspectives: 1) a reverse discounted cash flow (DCF) to determine what level of revenue growth and profitability is discounted in the current share price; 2) quoted companies with IP or which are exposed to consumer spending on toys and other special interests (however, there is not a directly comparable listed peer); and 3) prospective multiples versus GAW's own trading history.

Reverse DCF

With our DCF we attempt to calculate the level of growth that is discounted by the current share price. In our calculations we use a WACC of 9.5%, which includes a risk-free rate of 4.5% (the UK 10-year government bond yield), a beta of 1.0 and an equity risk premium of 5.0% (source: Damodaran, January 2026). The WACC is penalised by the company having no debt except lease liabilities. Beyond our explicit forecast period we use a terminal growth rate of 3%.

In addition to GAW's revenue growth, we assume a 30% boost to core revenue as a consequence of the greater exposure the licensing deal with Amazon may bring. We build this incremental revenue over three years from FY29 given management's H126 comment it will take 'several years' to develop the content. We also assume no incremental licensing income from Amazon given the lack of visibility on when any content will be released and the potential scale of it.

Turning to the 'underlying' growth, our reverse DCF solves backwards for the revenue CAGR that it is discounted in the current share price. The calculation assumes a constant level of operational gearing (drop through of incremental revenue to profit) and working/fixed capital intensity as historically.

Using the above assumptions, the reverse DCF suggests the current share price is discounting a CAGR for core and licensing revenue of around 10% beyond our explicit forecasts through FY35. To put this in context, from FY16 to FY25, core's constant currency revenue growth was c 18% and licensing revenue has compounded at 27% per year, albeit the latter is influenced by the high end-point in FY25.

The sensitivity of the share price to changes in the WACC and terminal growth rate are as follows:

Exhibit 17: DCF sensitivity to WACC and terminal growth rate (£ per share)

		WACC				
		7.5%	8.5%	9.5%	10.5%	11.5%
Terminal growth	0%	183	159	140	125	112
	1%	202	173	150	132	118
	2%	228	190	163	142	125
	3%	265	214	$\boxed{179}$	153	134
	4%	323	249	201	169	145

Source: Edison Investment Research

To complement the reverse DCF, we show the sensitivity of the share price to changes in the CAGR for revenue and operational gearing:

Exhibit 18: DCF sensitivity to changes in revenue growth and profitability (£ per share)

		Revenue growth CAGR (FY27-35)				
		6%	8%	10%	12%	14%
Operational gearing	10%	100	105	110	116	123
	20%	114	123	133	144	157
	30%	128	141	156	172	191
	40%	143	160	179	200	224
	50%	157	178	202	228	258

Source: Edison Investment Research

Peer valuation: Higher profitability justifies higher multiple

GAW does not have any directly comparable quoted peers as its closest competitors are mainly small, unquoted companies. Below we show its valuation relative to two groups of peers: 1) multinational 'mainstream' toy and special interest/hobby companies; and 2) global leaders in IP creation for consumption by individuals. The companies have different revenue streams, levels of cyclicality, profit margins, life cycles of products and investment requirements. This makes a direct comparison complicated, but it does provide some context for GAW's valuation. All figures are annualised to GAW's May financial year-end.

Exhibit 19: Peer valuations

Company	Share price (local)	Currency	Market cap (£m)	Sales growth May '26 (%)	Sales growth May '27 (%)	EBIT margin May '26 (%)	EBIT margin May '27 (%)	EV/sales May '26 (x)	EV/sales May '27 (x)	EV/EBIT May '26 (x)	EV/EBIT May '27 (x)	P/E May '26 (x)	P/E May '27 (x)
Hasbro Inc	100	USD	10,391	9	5	24.3	24.3	3.4	3.4	14.1	13.4	17.7	16.7
Mattel Inc	17	USD	3,799	2	5	11.0	10.5	1.1	1.1	10.4	10.3	12.6	12.5
Tomy Co Ltd	2,874	JPY	1,278	5	4	N/A	N/A	0.9	0.9	N/A	N/A	22.2	15.2
Character Group PLC	240	GBp	42	(6)	2	2.3	3.0	0.3	0.3	13.3	9.7	21.9	16.0
Focusrite PLC	230	GBp	136	12	(5)	10.1	11.1	0.8	0.8	7.8	7.5	12.9	12.0
Future PLC	416	GBp	392	(2)	1	27.6	27.6	0.9	0.9	3.4	3.4	3.2	3.0
Median toys/special interest				**4**	**3**	**11.0**	**11.1**	**0.9**	**0.9**	**10.4**	**9.7**	**15.3**	**13.8**
Walt Disney Co	106	USD	139,315	6	5	18.5	18.7	2.4	2.4	12.8	12.0	16.5	14.9
CD Projekt SA	243	PLN	5,027	(5)	95	42.1	45.7	25.2	25.2	59.7	28.2	65.6	28.9
Frontier Developments PLC	397	GBp	147	10	2	10.2	11.2	1.3	1.3	12.3	11.0	18.9	14.1
Paradox Interactive AB (publ)	124	SEK	1,070	(1)	2	19.0	38.3	5.4	5.4	28.6	13.9	N/A	18.7
Take-Two Interactive Softwar	211	USD	29,043	21	29	15.7	21.8	5.6	5.6	36.0	20.1	45.9	24.8
Median IP/content				**6**	**5**	**18.5**	**21.8**	**5.4**	**5.4**	**28.6**	**13.9**	**32.4**	**18.7**
Games Workshop	17,890	GBp	5,912	5	5	38.6	39.1	9.0	9.0	23.2	21.8	31.5	29.7
Premium/ (discount) to toys/special interest						27.6	28.0	887%	887%	124%	125%	106%	115%
Premium/ (discount) to IP/content						20.1	17.3	65%	65%	(19%)	57%	(3%)	59%

Source: LSEG Data & Analytics, Edison Investment Research. Note: Prices at 27 February 2026.

Strategy has delivered a multiple re-rating

GAW's reinvigorated growth, and higher profitability, cash generation and RoCE have led to a significant re-rating of the share price over the long term. Below we show GAW's EV/sales and P/E multiples over the long term and its prospective multiples for FY26 and FY27. For each historical year we show the high, average (number quoted) and low multiples.

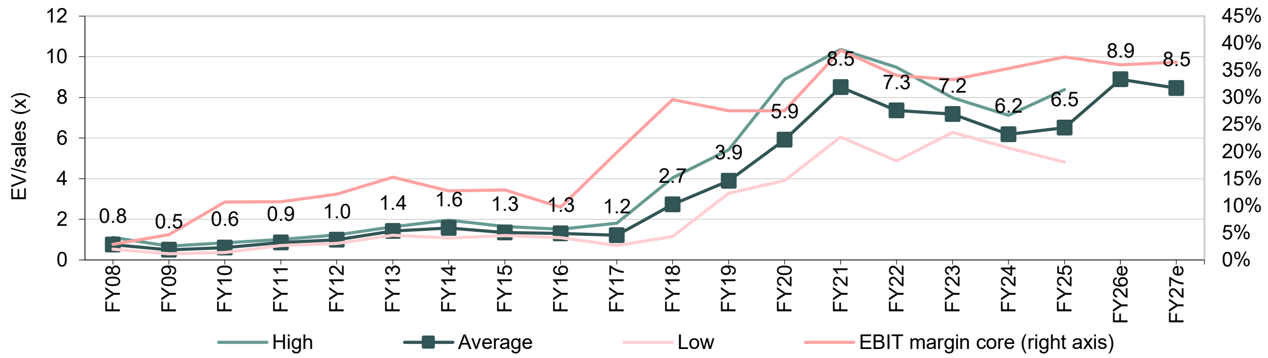
With respect to EV/sales, we exclude IFRS 16 liabilities (adopted in FY20) so we can derive a longer-term picture of the progress in GAW's valuation. This will differ to Exhibit 19, which includes these liabilities.

In Exhibit 20 we show how GAW's historical EV/sales multiple has progressed over time versus the core operating margin and the same for prospective multiples and expected profitability. For each historical year we show the high, average (number quoted) and low multiples for that year. We exclude IFRS 16 liabilities from the calculation of enterprise value in order to get a longer-term view of the valuation. There is a clear picture of a higher profitability leading to a higher multiple.

The previous peak EV/sales multiples were, in descending order: 10.4x in FY21 when the ninth edition of 40K was released; 9.5x in FY22 when the third edition of AoS was released; and 8.9x in FY20, which was an 'off year' with respect to new editions. It is reasonable to conclude that FY20's and FY21's multiples were likely positively influenced by the COVID-19 pandemic, which disrupted sales.

The prospective FY26e multiple of 8.9x is above FY21's average multiple. The revaluation from FY24 and FY25 likely reflects the much better-than-expected performance, as well as discounting some future value from the licensing agreement with Amazon.

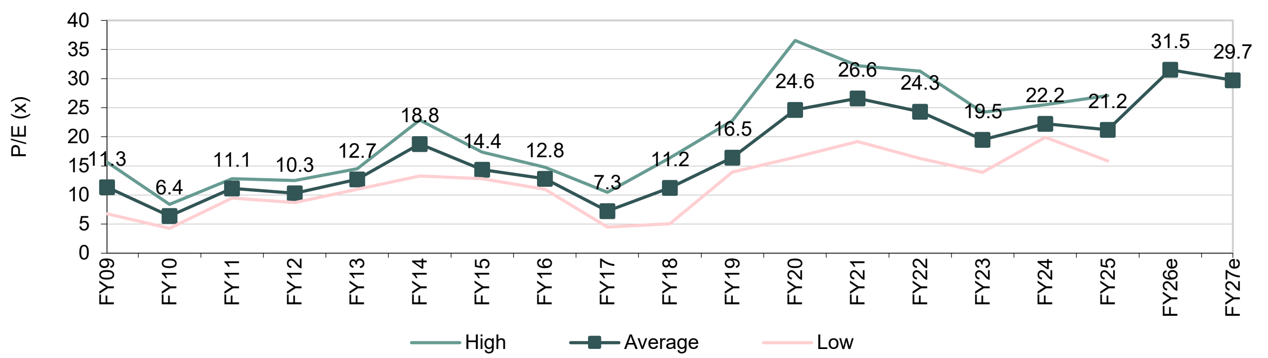
Exhibit 20: EV/sales and profitability



Source: Games Workshop Group, LSEG Data & Analytics, Edison Investment Research. Note: Priced at 27 February 2026.

Exhibit 21 shows that the prospective P/E multiples for FY26 and FY27 are well above the long-term averages, but below the prior all-time highs of 36.3x in FY20 and 32.0x in FY21.

Exhibit 21: GAW's P/E multiple



Source: Games Workshop Group. LSEG Data & Analytics, Edison Investment Research. Note: Priced at 27 February 2026.

Exhibit 22: Financial summary

Year-end 31 May £m	2022	2023	2024	2025	2026e	2027e
INCOME STATEMENT	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Revenue	414.8	470.8	525.7	617.5	645.9	678.1
– Core revenue	386.8	445.4	494.7	565.0	615.9	646.6
– Licensing revenue	28.0	25.4	31.0	52.5	30.0	31.5
Cost of sales	(127.4)	(149.2)	(151.2)	(172.5)	(190.9)	(200.5)
Gross profit	287.4	321.6	374.5	445.0	454.9	477.7
Operating expenses	(94.2)	(108.3)	(131.1)	(138.6)	(161.7)	(165.3)
EBITDA	193.2	213.3	243.4	306.4	293.2	312.4
Depreciation and amortisation	(36.1)	(43.1)	(41.6)	(45.1)	(43.9)	(47.4)
Reported operating profit	157.1	170.2	201.8	261.3	249.3	265.0
– Core operating profit	131.7	148.2	174.8	211.8	221.7	236.0
– Licensing operating profit	25.4	22.0	27.0	49.5	27.6	29.0
Finance income/(expense)	(0.6)	0.4	1.2	1.5	0.9	0.4
Reported PBT	156.5	170.6	203.0	262.8	250.2	265.4
Profit Before Tax (norm)	158.1	171.6	204.2	264.1	251.6	266.8
Income tax expense (includes exceptionals)	(28.1)	(35.9)	(51.9)	(66.7)	(62.6)	(66.4)
Reported net income	128.4	134.7	151.1	196.1	187.7	199.1
Adjusted net income (before share-based payments)	129.7	135.5	152.0	197.1	188.7	200.1
WASC (m)	32.8	32.9	32.9	33.0	33.0	33.0
Average Number of Shares Outstanding (m)	32.9	32.9	33.0	33.0	33.1	33.1
Reported EPS (p)	391.3	409.7	458.8	594.9	569.0	603.2
Reported diluted EPS (p)	390.6	409.4	458.2	593.5	567.6	601.7
EPS - normalised fully diluted (p)	394.6	411.8	460.9	596.4	570.7	604.8
DPS (p)	235.0	415.0	420.0	520.0	520.0	520.0
Gross margin	69.3%	68.3%	71.2%	72.1%	70.4%	70.4%
EBITDA margin (including licensing income)	46.6%	45.3%	46.3%	49.6%	45.4%	46.1%
Operating margin	37.9%	36.2%	38.4%	42.3%	38.6%	39.1%
BALANCE SHEET						
Property, plant and equipment	55.0	55.7	56.5	64.9	72.0	75.4
Right-of-use assets	48.1	48.9	46.1	44.0	44.0	44.0
Goodwill	1.4	1.4	1.4	1.4	1.4	1.4
Intangible assets	25.6	21.2	22.8	23.6	27.0	30.3
Other non-current assets	37.2	25.6	32.6	21.6	21.6	21.6
Total non-current assets	167.3	152.8	159.4	155.5	165.9	172.7
Cash and equivalents	71.4	90.2	107.6	132.6	161.4	184.4
Inventories	38.4	33.0	42.2	39.7	39.0	40.9
Trade and other receivables	39.6	36.3	37.8	52.1	59.6	62.5
Other current assets	4.4	14.5	4.3	3.1	3.1	3.1
Total current assets	153.8	174.0	191.9	227.5	263.0	290.9
Trade and other payables	(33.5)	(37.0)	(46.3)	(50.5)	(62.3)	(64.7)
Borrowings	0.0	0.0	0.0	0.0	0.0	0.0
Leases	(9.2)	(9.9)	(10.0)	(11.2)	(11.2)	(11.2)
Other current liabilities	(1.9)	(1.3)	(2.1)	(1.9)	(13.4)	(13.4)
Total current liabilities	(44.6)	(48.2)	(58.4)	(63.6)	(87.0)	(89.3)
Borrowings	0.0	0.0	0.0	0.0	0.0	0.0
Leases	(39.7)	(40.0)	(37.2)	(34.0)	(34.8)	(35.6)
Other non-current liabilities	(2.1)	(3.5)	(4.3)	(4.6)	(4.6)	(4.6)
Total non-current liabilities	(41.8)	(43.5)	(41.5)	(38.6)	(39.4)	(40.2)
Net assets	234.7	235.1	251.4	280.8	302.6	334.1
CASH FLOW STATEMENT						
Operating profit	157.1	170.2	201.8	261.3	249.3	265.0
Depreciation and amortisation	34.8	39.5	39.0	43.9	43.9	47.4
Impairments	1.3	3.6	2.6	1.2	0.0	0.0
Share-based payments	1.6	1.0	1.2	1.3	1.4	1.4
Other adjustments	0.3	(1.2)	1.2	0.6	0.0	0.0
Movements in working capital	(35.9)	18.6	(7.9)	3.2	5.1	(2.6)
Income taxes paid	(37.7)	(39.0)	(41.7)	(64.1)	(62.6)	(66.4)
Operating cash flow	121.5	192.7	196.2	247.4	237.1	244.9
Net capex and intangibles	(32.3)	(28.3)	(32.6)	(40.9)	(40.5)	(40.3)
Net interest	(0.6)	0.3	1.4	1.5	0.9	0.4
Net proceeds from issue of shares	1.8	2.6	2.7	1.8	4.3	2.7
Dividends paid	(93.5)	(136.5)	(138.3)	(171.4)	(160.0)	(171.6)
Other financing activities	(11.1)	(11.8)	(11.8)	(12.3)	(13.0)	(13.0)
Net cash flow	(14.2)	19.0	17.6	26.1	28.8	23.0
Opening cash and cash equivalents	85.2	71.4	90.2	107.6	132.6	161.4
Currency translation differences and other	0.4	(0.2)	(0.2)	(1.1)	0.0	0.0
Closing net (debt)/cash	71.4	90.2	107.6	132.6	161.4	184.4
Closing net cash including leases	22.5	40.3	60.4	87.4	115.4	137.6

Source: Games Workshop Group, Edison Investment Research.

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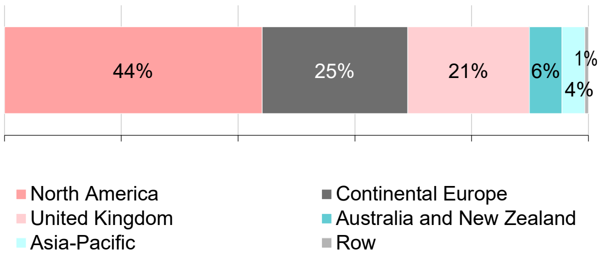
Revenue by geography



Management team

Non-executive chair: Mark Lam

Mark was appointed as non-executive chair on 1 November 2024, having been an independent non-executive director (NED) and the senior independent director since 2023. He is an experienced board chair and director, whose commercial experience spans both start-up businesses and listed companies. Mark's international experience includes supply chains and business operations in Asia-Pacific, North America and Europe. He has held senior positions in retail, telecommunications and healthcare, including as chief technology officer of Openreach. He is also chair of the Royal Free London hospital group and an NED at Lowland Investment Company.

CEO: Kevin Rountree

Kevin heads the executive management team. He has significant experience in the business, having joined as assistant group accountant in 1998. He became CFO in 2008, before assuming responsibility for GAW's global service centres as COO in 2011 and being appointed CEO in 2015. Kevin qualified as a chartered management accountant in 2001. Prior to joining Games Workshop, he was the management accountant at J Barbour & Sons.

Group FD: Liz Harrison

Liz joined GAW in 2000, and since then she has held several finance-based roles, including group reporting manager since 2013. She qualified as a chartered accountant at Coopers & Lybrand.

Principal shareholders	%
Fidelity Management and Research	8.0
BlackRock Investment Management	6.1
The Vanguard Group	5.1
Baillie Gifford	5.0
Capital World Investors	4.1
abrdn Investment Management	2.9

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