

Games Workshop Group

Sigmar the fourth

Company outlook

Consumer goods

7 October 2024

Price **£110.00**
Market cap **£3,625m**

Net cash (£m) at 2 June 2024 107.6
(excluding lease liabilities of £47.2m)

Shares in issue 32.95m

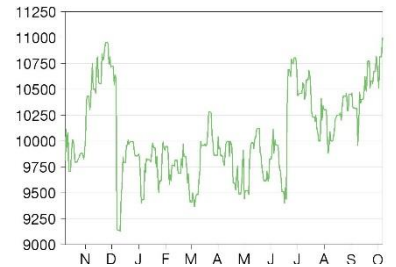
Free float 99.4%

Code GAW

Primary exchange LSE

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs 6.6 5.2 12.1

Rel (local) 6.4 4.5 (0.7)

52-week high/low £110.00 £91.25

Business description

Games Workshop Group 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

H125 results January 2025

FY25 results July 2025

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

Opinions and forecasts represent the Edison Research department's view.

Games Workshop Group (GAW) is the global leader for tabletop miniature gaming, which has enjoyed impressive growth, with core revenue and total operating profit CAGRs of 17% and 19%, respectively, since FY15. A combination of improved product innovation, engagement with customers, geographic expansion of its distribution and licensing its intellectual property (IP) to third parties have driven its growth. Its vertical integration and control of its IP contribute to enviable returns on capital of well over 100% in recent years. The company has a favourable distribution policy of returning truly surplus cash.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
05/23	470.8	171.6	411.8	415.0	26.7	3.8
05/24	525.7	204.2	460.9	420.0	23.9	3.8
05/25e	534.5	198.4	450.8	420.0	24.4	3.8
05/26e	555.9	206.4	468.4	420.0	23.5	3.8

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

FY24 was a good year

GAW enjoyed a good year of growth in FY24 as it benefited from the launch of the 10th edition of its largest IP, Warhammer 40K (40K), as well as a record level of licensing income. These were helpful in driving a strong improvement in GAW's profitability. Looking into FY25, management is optimistic about its prospects due to the launch of the fourth edition of its second largest IP, Age of Sigmar (AoS). However, management also points to the tough comparative provided by 40K in FY24. This is compounded by the strength of licensing income in FY24, which has a high operating margin (c 87% in FY24) relative to the core margin (c 35% in FY24).

FY25 – Age of Sigmar and licensing

Our revenue and profit estimates for FY25 are unchanged and we introduce estimates for FY26. We forecast core revenue growth of c 2% and 4% in FY25 and FY26, respectively, with the former including negative forex from the strength of sterling. Our expected minor decline in PBT in FY25 is primarily due to the assumption of lower absolute licensing revenue (c £25m vs FY24's record £31m), while recognising the lack of visibility here, and its associated high level of profitability. The core operating margin is also typically lower in the year of the launch of a new edition of AoS than 40K.

Valuation: Discount to DCF

Our discounted cash flow (DCF)-based valuation has increased to £120 per share, from **£117 per share** previously, as we incorporate our new estimates and adjust our weighted average cost of capital (WACC) due to a lower risk-free rate and equity risk premium. GAW has few directly quoted peers but it trades at, we believe, a justified premium to other special interest and IP companies given its high profitability and returns. Prospective P/E multiples are within the range of its own recent average multiples (19–24x).

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 17% at constant currency) and operating profit (nine-year CAGR c 39% 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 multi-channel 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 176% in FY24.

Financials: FY25 – Age of Sigmar and licensing

GAW generated impressive growth in revenue and PBT of 12% and 19%, respectively, in FY24, which was held back a little by the strength of sterling. On a constant currency basis, core revenue grew by c 14% and licensing grew by 29%. The latter was significant given its high level of profitability versus the core. Management is optimistic about the outlook for FY25, which includes the launch of a new edition of AoS, a smaller property from a revenue perspective than 40K, which drove core revenue growth in FY24. As a result, we assume relatively low growth in revenue in FY25 and the decline in profitability is mainly a function of the low visibility for licensing.

Valuation: Supported by DCF and own recent trading multiples

The share price has traded in a relatively tight range over the last 12 months and is broadly flat over that time. With respect to prospective multiples, the P/Es for FY25 and FY26 of 24.4x and 23.5x are towards the mid-point of more recent average multiples (19–24x), when we exclude the years when the multiple was distorted (lower denominator) by the COVID-19 pandemic. Our DCF-based valuation of £120 per share uses an estimated WACC of 8.7% (vs 9.3% previously) as we incorporate the general reduction in the UK 10-year bond yield and a lower equity risk premium of 4.8% (source: Damodaran).

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 multi-channel 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

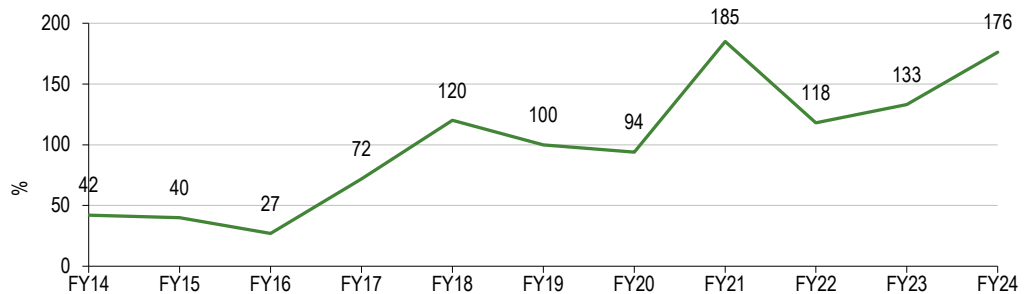
GAW has a clear long-term strategy: 'To make the best fantasy miniatures in the world, to engage and inspire our customers, and to sell our products globally at a profit. We intend to do this forever. Our decisions are focused on long-term success, not short-term gains.' That it has achieved core revenue and EPS CAGRs of 17% and 35%, respectively, from FY15 to FY24 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 craftsmanship, 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 almost 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 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 (see Exhibit 1) due to its vertical integration and full control over its IP and achieves a high cash conversion ratio (see Exhibit 11). Its growth is entirely funded from operating cash flow and 'truly surplus cash' is regularly distributed to shareholders: dividends have grown at a CAGR of 26% since FY15.

Exhibit 1: Return on capital employed



Source: Games Workshop Group accounts

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 settings: 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.

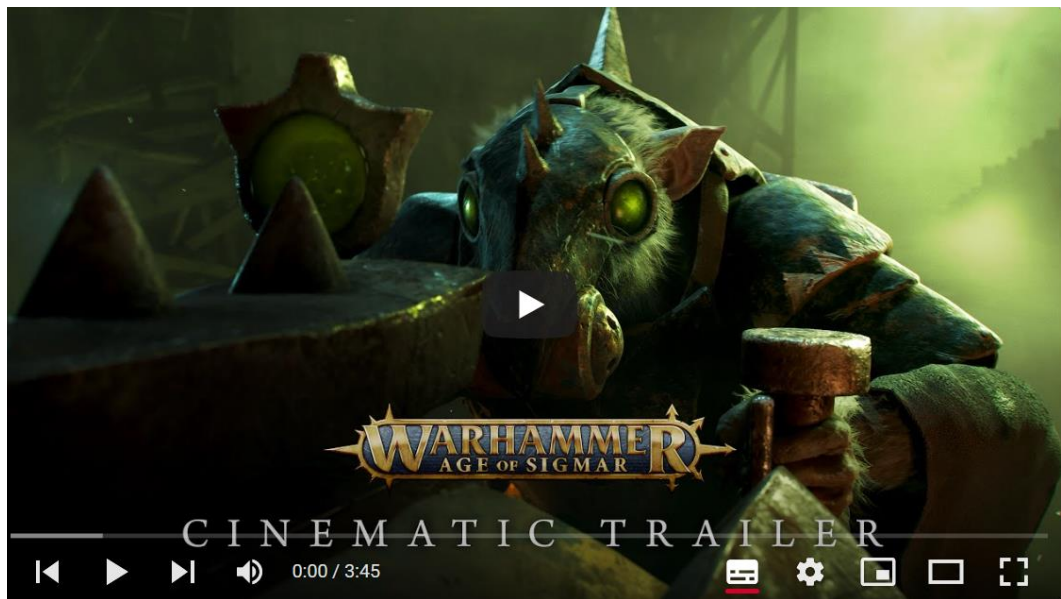
The Warhammer brand has existed for more than 30 years and is the undisputed leader for fantasy and science fantasy tabletop miniature games, with a global following of dedicated enthusiasts.

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. 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.

Warhammer AoS: GAW developed this unique fantasy IP to replace its Warhammer Fantasy Battle setting 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.

Exhibit 2: Age of Sigmar cinematic trailer 2024



Source: Games Workshop

Product ranges expanded to attract new hobbyists

Citadel: 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 £100 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 £40 for a set of 16 miniatures plus a 48-page introductory guide to £125 for a set of 44 miniatures plus scenery pieces, a gaming board and a rule book. A range of easy-to-build squads, which do not require glue to assemble, has been introduced, priced from £10.

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. As such, the pieces command a premium price compared with the Citadel range. 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 £1,200.

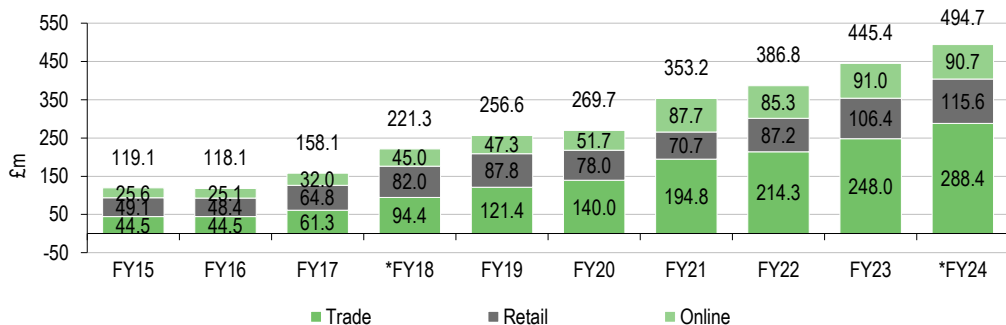
Other products: the company produces a range of Citadel paints, paint brushes and other modelling accessories. A starter set of paints and tools costs £27+.

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 multi-channel proposition

GAW has an integrated multi-channel 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.

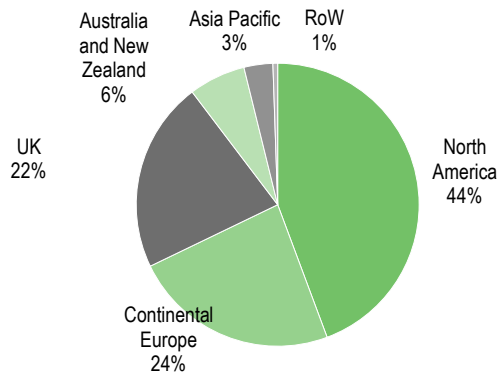
Exhibit 3: Core revenue



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

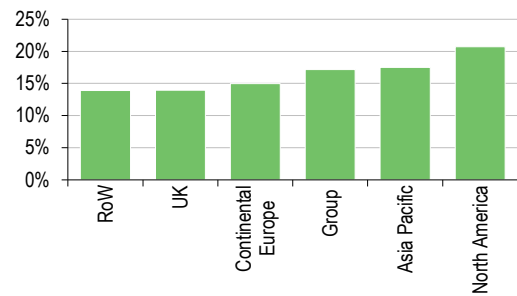
GAW has been extremely successful in its strategy of seeking enthusiasts across the globe, such that International accounted for 78% of core revenue in FY24. Although GAW's own stores are in 23 countries, it sells in many more countries through the additional reach of its websites and trade accounts (71 countries in FY24), many of which have their own international multi-channel offering.

Exhibit 4: Core revenue by geography (FY24)



Source: Games Workshop Group accounts

Exhibit 5: Core revenue CAGR FY15–24



Source: Games Workshop Group accounts

The company delivered impressive growth across all of its main markets in FY15–24, 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 (58% of FY24 core revenue; c 23% CAGR FY15–24)

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 has been the fastest-growing component of GAW's revenue, achieving a CAGR of 23% from FY15–24. 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 FY15 base of 3,700 accounts, GAW has added an average of c 400 net new trade accounts per year, equivalent to a CAGR of c 8%, taking the number of accounts to 7,200 at the end of FY24.

Trade 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. The number of countries served by Trade accounts had gradually increased from 52 in FY15 to 71 at the end of FY24. Management has deployed a project team to potentially open up more countries in East Asia, with a specific mention of South Korea, and GAW 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 FY23 core revenue; c 10% CAGR FY15–24)

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 10% since FY15, Retail has grown at a slower rate than Trade and Online, albeit this includes some disruption caused by the COVID-19 pandemic from FY20.

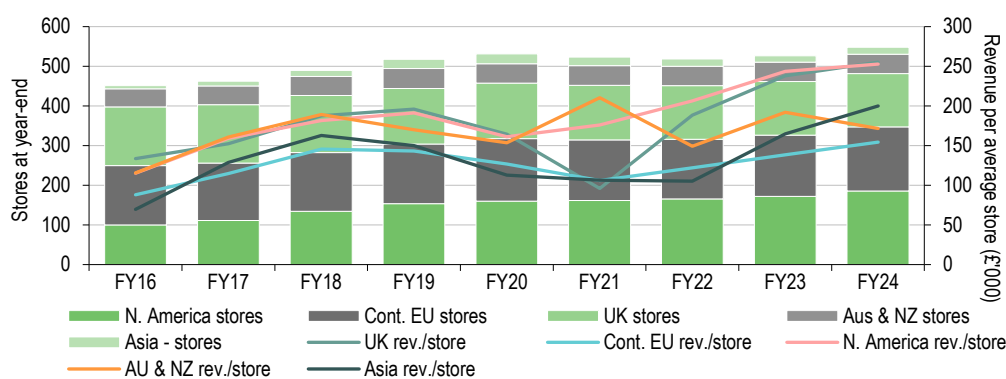
The stores are a valuable means of engaging with new and existing customers, and emphasis is placed on recruiting genuine enthusiasts to sell the products and run a variety of free-to-attend

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 412 of the 548 stores at the end of May 2024 staffed by just one person.

GAW’s growth has been driven by new store openings with increased geographic coverage and a general increase in productivity of the locations, with some disruption from FY20 due to the COVID-19 pandemic.

GAW’s retail presence has increased in most geographies and the sales productivity of the stores has improved over the long term. The differing sales productivities between the regions reflects differing product prices and maturity profiles of the stores.

Exhibit 6: Retail stores and sales productivity



Source: Games Workshop Group, Edison Investment Research

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 FY25, management’s priority is to open new stores in North America and Continental Europe, including its first stores in Switzerland.

Online (18% of FY24 core revenue; c 15% CAGR FY15–24)

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.

Online has been a relatively stable proportion of GAW’s business at 18–22% of core revenue between FY15 and FY24, excluding the spike during the COVID-19 pandemic. Online revenue was broadly flat in FY24 due to fewer customer orders as less customers ordered directly.

Leveraging the IP

Licensing

Outside the sale of physical products above, 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. Typically, GAW receives a percentage of the licensee's gross profit and is, therefore, exposed to the success of the licensed products.

The greatest success during the past 20 years has been in video games (PC, console and mobile), which have represented the majority (70% in FY24) 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.

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 are working together (for 12 months until December 2024) to agree creative guidelines for the content and the agreement will only proceed if creative guidelines are mutually agreed.

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 with 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 dashboard into the Warhammer community, was launched in FY21. In FY22 registrations grew by 140% versus the prior year, to 427k subscribers by the end of FY23, and to 565k active (engaged online in the last six months) users 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. The service has grown well with subscribers increasing from 105k at the end of FY22 to 136k and 176k by the end of FY23 and FY24, respectively.

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 appealing 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.

Management

GAW has an impressive track record of long employee service across the organisation, and its senior management team is no exception.

Chairman – John Brewis: John became chair on 1 January 2023, having been an independent non-executive director at GAW since 2018. He does not anticipate standing for re-election at the AGM in 2025. John has over 30 years' experience in high-volume manufacturing business and had various roles within Reach, formerly Trinity Mirror, including managing director of its manufacturing division.

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.

CFO – Rachel Tongue: Rachel joined as group tax manager in 1996. Rachel has announced she will not seek re-election at the AGM in September 2024 and will leave GAW in January 2025. She worked in a variety of finance roles in the company before being appointed company secretary in 2008 and group finance director in 2015. From the start of November 2020, Rachel assumed responsibility for group-wide support services and legal and compliance functions. She trained as a chartered accountant and chartered tax accountant with Arthur Andersen.

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.

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 scales of new editions of the major properties. 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. Per the company's FY24 annual report a 15% depreciation of the US dollar and euro to sterling would create income statement losses of £4.2m and £1.5m, respectively.

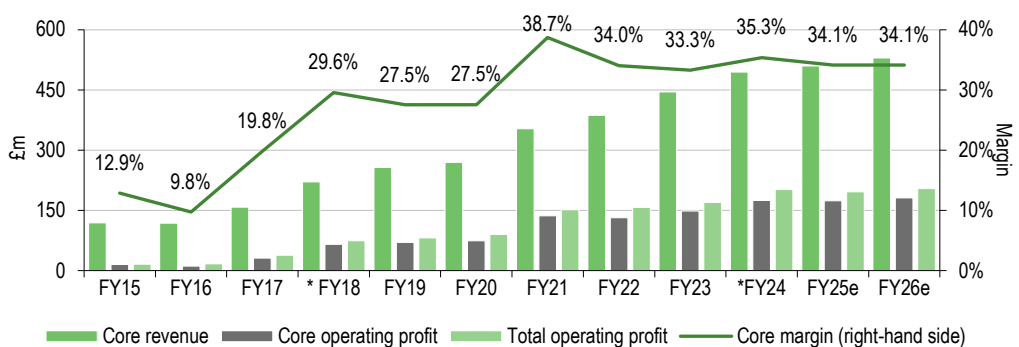
Cost of goods: there is limited disclosure with respect to GAW's key purchased inputs. As it is a manufacturer of plastic and resin products, therefore it is exposed to significant changes in commodity prices. In recent years, commodity costs have not been highlighted as an important driver of changes in margin. With a high international presence (78% of core revenue was earned outside the UK in FY24), 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 in recent years. In GAW's FY24 annual report, management highlighted it has an outline plan to replace legacy IT systems, which occasionally cause issues with supply to customers. GAW has increased the cash allocation investment in IT from 3% of core revenue to 5% during FY24.

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 17% and operating profit including licensing income of 32% from FY15–24. The impressive improvement in GAW's RoCE for the core business was shown earlier in Exhibit 1.

Exhibit 7: Summary financials



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

Income statement

The launch of the 10th edition of its most important IP, 40K, and an all-time high licensing revenue led to FY24 being a signature record year of revenue and profitability for GAW. The appeal of 40K was demonstrated by the constant currency growth of core revenue of c 14% to c £495m and the c 25% constant currency growth of core operating profit to c £175m, a margin of 35.3%. Licensing revenue, which has limited associated costs, has a 100% gross margin and high operating margin (c 87% in FY24) and, therefore, its success from one year to the next can significantly skew GAW's overall reported gross and operating margin. If we look across the last three years (ie since the launch of the prior edition of 40K), GAW's core revenue has grown at a constant currency CAGR of c 12%.

The company typically increases prices each year on new individual products by low/mid-single-digit percentage points on average. In FY22, GAW recognised that the increase in some input costs looked more permanent, which led to price increases of 5% on a broader range of products. In FY24 average prices across all products increased by 2%. It is clear GAW has enjoyed pricing power and volume growth on a consistent basis.

Exhibit 8: Summary income statement

£m	H123	H223	FY23	H124	H224	*FY24	FY25e	FY26e
Total revenue	226.6	244.2	470.8	247.7	278.0	525.7	534.5	555.9
Growth y-o-y (%)	7.1	20.2	13.5	9.3	13.8	11.7	1.7	4.0
Constant currency y-o-y (%)	0.0	15.9	7.8	12.5	16.8	14.7	3.0	4.0
Core revenue	212.3	233.1	445.4	235.6	259.1	494.7	509.3	529.7
Growth y-o-y (%)	10.9	19.4	15.1	11.0	11.2	11.1	2.9	4.0
Constant currency y-o-y (%)	4.0	15.4	9.6	14.2	13.7	13.9	4.3	4.0
Licensing revenue	14.3	11.1	25.4	12.1	18.9	31.0	25.2	26.2
Growth y-o-y (%)	(28.9)	40.5	(9.3)	(15.4)	70.3	22.0	(18.6)	4.0
Constant currency y-o-y (%)	(37.3)	35.4	(16.8)	(12.6)	82.9	29.1	(18.6)	4.0
Total gross profit	150.6	171.0	321.6	175.6	198.9	374.5	371.5	386.4
Gross margin (%)	66.5	70.0	68.3	70.9	71.5	71.2	69.5	69.5
Core gross profit	136.3	159.9	296.2	163.5	180.0	343.5	346.3	360.2
Gross margin (%)	64.2	68.6	66.5	69.4	69.5	69.4	68.0	68.0
Licensing gross profit	14.3	11.1	25.4	12.1	18.9	31.0	25.2	26.2
Gross margin (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total operating profit	83.6	86.6	170.2	94.5	123.2	201.8	196.6	204.4
Margin (%)	36.9	35.5	36.2	38.2	44.3	38.4	36.8	36.8
Core operating profit	70.7	77.5	148.2	83.4	91.4	174.8	173.9	180.8
Core operating margin	33.3	33.2	33.3	35.4	35.3	35.3	34.1	34.1
Constant currency y-o-y (%)	(7.5)	8.7	0.2	24.2	26.2	25.2	N/A	N/A
Licensing operating profit	12.9	9.1	22.0	11.1	15.9	27.0	11.1	15.9
Licensing margin	90.2	82.0	86.6	91.7	84.1	87.1	44.0	60.6
Constant currency y-o-y (%)	(40.4)	31.8	(21.7)	(10.9)	90.1	30.9	N/A	N/A
Reported profit before tax	83.6	86.6	170.6	95.2	123.7	203.0	197.2	205.1
Tax	(17.1)	(18.8)	(35.9)	(23.8)	(28.1)	(51.9)	(49.3)	(51.3)
Tax rate	20.5	21.7	21.0	25.0	22.7	25.6	25.0	25.0
Reported profit after tax	66.5	67.8	134.7	71.4	95.6	151.1	147.9	153.8
EPS, fully diluted (p)	202.3	207.1	409.4	216.3	241.9	458.2	447.9	465.4
DPS (p)	165.0	250.0	415.0	195.0	225.0	420.0	420.0	420.0

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

Following a strong year of growth in FY24 we assume lower revenue growth of c 2% in FY25 before 4% growth in FY26. FY25 includes a negative translation effect from the strength of sterling and the assumption of lower underlying growth due to the launch of the smaller property, AoS versus 40K in FY24, as well as other products. In GAW's FY24 annual report, management highlighted that historically the launch year of a new 40K edition is normally the financial high point, until the next edition. We believe this refers to the revenue of an individual IP in a particular financial year.

We also assume a lower core gross margin of 68% in FY25 and FY26 (vs FY24's 69.4%), directionally consistent with GAW's historical results. This naturally translates to a lower estimated operating margin in FY25 and FY26 of 34.1%, versus FY24's 35.3%.

We assume lower licensing revenue in FY25 of c £25m versus FY24's £31m, noting there is no visibility on when GAW will sign new licences, the size of the minimum guarantees and the subsequent success of the licences. As a reminder, the lumpiness of GAW's licensing revenue is partly due to accounting standards requiring the recognition of the minimum guarantees of a licence at the inception of a new contract, and any revenues above this level in subsequent periods. Our estimates include no potential benefit from any potential revenue that may flow from a relationship with Amazon.

In September 2024, the company announced that trading was in line with the board's expectations for the three months to 1 September 2024 (ie Q125).

In Exhibit 9 we show the clear influence on revenue growth and profitability of the launch of a new edition of GAW's major properties, with a typically higher gross margin and operating margin when a new edition of 40K is launched than a new edition of AoS, partially as a result of the higher volume on the cost base. We should stress the revenue growth rates in the years of launch are not solely due to the release of any new editions as the individual properties generate revenue over multiple years, but they are certainly helpful in providing a meaningful boost.

Exhibit 9: Phasing of new editions

	FY15	FY16	FY17	*FY18	FY19	FY20	FY21	FY22	FY23	*FY24
Property (edition) launch	40K (7th)	Sigmar (1st)		40K (8th)	Sigmar (2nd)		40K (9th)	Sigmar (3rd)		40K (10th)
Date of launch	May 2014	July 2015		June 2017	June 2018		July 2020	June 2021		June 2023
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%
Core gross profit (£m)	82.1	80.6	114.4	157.1	173.3	180.6	256.9	259.4	296.2	343.5
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
Core gross margin	69.0%	68.3%	72.4%	71.0%	67.5%	67.0%	72.7%	67.1%	66.5%	69.4%
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%
Core operating profit (£m)	15.4	11.5	31.4	65.5	70.6	74.3	136.7	131.7	148.2	174.8
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
Core operating margin	12.9%	9.8%	19.8%	29.6%	27.5%	27.5%	38.7%	34.0%	33.3%	35.3%
Core operating margin change y-o-y pps	0.2%	(3.1%)	10.1%	9.7%	(2.1%)	0.0%	11.2%	(4.7%)	(0.8%)	2.1%

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

There has been a consistent trend of a lower core gross percentage margin in the year of the new editions of AoS launches (FY16, FY19 and FY22) versus the preceding years when new editions of 40K were released (FY15, FY18 and FY21). However, the increased scale of the business meant it generated higher absolute core gross profit in FY19 and FY22 (AoS launches) than the prior years (40K releases).

There is also a similar clear trend of a high operating percentage margin in the year of a new 40K edition versus the launch of a new edition of AoS. Again, the trends in absolute operating profit are a bit more variable, with higher core operating profit in FY19 (AoS) than FY18 (40K).

Looking back at the most recent launch of AoS in FY22, core gross profit was higher in absolute terms than FY21's but the gross margin was significantly lower at 67.1% versus FY21's 72.7%. The 560bp reduction in margin was mainly due to one-off factors of a relatively high inventory provision, equivalent to 250bp (£10.6m vs £0.9m in the prior year), as well as incremental freight costs due to the post-COVID-19 issues with shipping and cost of exporting post Brexit, of 240bp (£9.2m).

In addition to the above scale influence from the respective launches, core profitability will be influenced by specific changes in input and operating costs, mix of products sold between old and

new, forex (78% of revenue is earned vs unquantified, but a higher proportion of costs in the UK, and it does not hedge against currency movements) and distribution channel. In Exhibit 10 we summarise management's identified drivers to the core gross margin since FY21 and how they have cumulatively led to it being 330bp lower in FY24 versus FY21, both years of 40K releases.

Exhibit 10: Gross margin reconciliation				
%	FY22	FY23	*FY24	FY21-24
Opening gross margin	72.7	67.1	66.5	72.7
Inventory provision	(2.5)	0.9	0.7	(0.9)
Freight and carriage	(1.5)		1.1	(0.4)
Post Brexit costs	(0.9)			(0.9)
Staff costs	(0.6)			(0.6)
Production		0.8	0.2	1.0
Materials		(0.6)	(0.1)	(0.7)
Warehouse and/or logistics		(0.7)	(0.2)	(0.9)
Animation		(1.0)	1.0	0.0
Other	(0.1)		0.2	0.1
Closing gross margin	67.1	66.5	69.4	69.4

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

Dividends: Provide healthy returns to shareholders

GAW's dividend policy is to return 'truly surplus cash' to shareholders, which is after a required cash buffer. 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.

GAW typically announces and distributes multiple dividends in a financial year as visibility on cash flow improves through the year. Dividend payments are not made with any reference to an earnings payout ratio. We assume a flat dividend in FY25 and FY26 of 420p per share.

Cash flow: Strong free cash generation

The significant improvement in GAW's profitability over the long term (ie since FY15) have 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. Below we show the main drivers of cash flow relative to total revenue. Naturally, the lumpiness of licensing revenue will affect the ratios and there will likely be a timing mismatch between the accounting of the revenue and the cash received.

Exhibit 11: Summary cash flow				
As % of total revenue	FY21	FY22	FY23	*FY24
Operating cash flow	35.9%	29.3%	40.9%	37.3%
– Operating profit	41.0%	37.9%	36.2%	38.4%
– Depreciation, amortisation and impairments	4.2%	6.0%	6.6%	5.6%
– Working capital	(4.0%)	(8.7%)	4.0%	(1.5%)
– Tax paid	(8.7%)	(9.1%)	(8.3%)	(7.9%)
Investing cash flow	(8.1%)	(7.7%)	(5.8%)	(5.7%)
– Capex	(4.7%)	(4.1%)	(3.1%)	(3.0%)
– Intangibles	(0.8%)	(0.3%)	(0.1%)	(0.3%)
– Capitalised development	(2.6%)	(3.4%)	(2.8%)	(2.9%)
– Lease repayments	(2.9%)	(2.9%)	(2.5%)	(2.2%)
Free cash flow	24.9%	18.7%	32.5%	29.1%
Dividend payments	(16.4%)	(22.5%)	(29.0%)	(26.3%)

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

Working capital has typically represented an outflow as the company has grown. GAW's total investment in capex, intangibles and capitalised development has averaged just under 9% of 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.

Balance sheet: Consistently increasing net cash position

In GAW's FY24 annual report, the chairman stated that, 'maintaining a straightforward approach to our finances helps – we have no debt.' GAW's growth and required cash buffer means that the period end net cash position has increased. At the end of FY24, the net cash position, excluding IFRS 16 liabilities, was c £108m, an increase from the prior year's c £90m. Lease liabilities totalled c £47m at the end of FY24, leading to a net cash position after lease liabilities of c £60m.

Valuation

We look at GAW's valuation in three ways: a DCF-based valuation and by comparing its own prospective multiples versus an imperfect group of quoted peers, as well as its own trading history.

DCF-based valuation £120 per share

Our DCF-based valuation has increased to £120 per share from £117 per share previously. The increase includes the update to our forecasts, the roll forward of the valuation and a slightly lower estimated WACC.

Our estimated WACC of 8.7% includes a risk-free rate of 3.95%, a beta of 1.0 and an equity risk premium of 4.8% (source: Damodaran, July 2024). Our terminal growth rate of 3% is equivalent to average growth in global personal consumption since 1970 (source: World Bank)

Beyond our explicit forecast period, we assume operational gearing, meaning a drop through of incremental core revenue to operating profit of 35%. This is consistent with the gains GAW has enjoyed since FY17, taking the core operating margin in our terminal year (FY34) to c 35%, from 34.1% in FY26. By keeping our assumptions for working capital and fixed capital investment consistent with forecast FY26 levels, we have a similar free cash generation relative to sales in FY34 of 27%.

The sensitivity of the valuation to changes in the WACC and terminal growth rate is as follows:

		WACC				
		6.7%	7.7%	8.7%	9.7%	10.7%
Terminal growth	0.0%	124	106	92	81	73
	1.0%	138	115	99	86	77
	2.0%	158	129	108	93	81
	3.0%	189	147	120	101	87
	4.0%	243	176	137	112	95

Source: Edison Investment Research

Peer valuation: Few comparable direct peers

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 cyclicity, profit margins, life cycles of products and investment requirements. These make a direct comparison a little complicated but it does provide some context for GAW's valuation. All figures are annualised to GAW's May financial year end.

Exhibit 13: Peer valuations

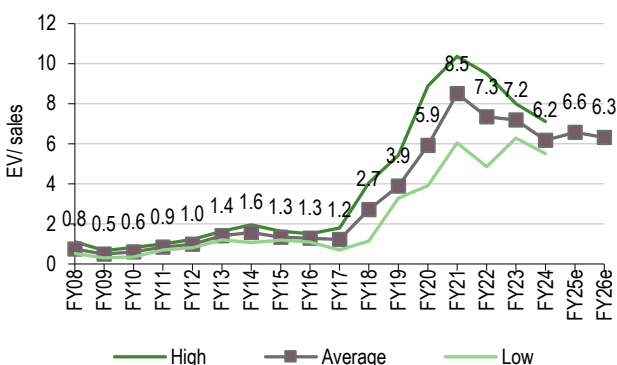
Company	Year-end	Share price (local)	Ccy	Market cap (local ccy, m)	Sales growth May '25 (%)	Sales growth May '26 (%)	EBIT margin May '25 (%)	EBIT margin May '26 (%)	EV/sales May '25	EV/sales May '26	EV/EBIT May '25	EV/EBIT May '26	P/E May '25	P/E May '26
Hasbro	Dec	72.3	USD	10,081	(9)	4	20.4	21.9	3.1	2.9	15.0	13.4	17.9	15.9
Mattel	Dec	19.3	USD	6,546	1	3	13.2	13.7	1.5	1.4	11.3	10.6	12.9	11.8
Tomy Co	Mar	3,968.0	JPY	375,997	14	6	N/A	N/A	1.4	1.3	N/A	N/A	21.5	18.7
Character Group	Aug	274.0	GBP	51	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Focusrite	Aug	257.5	GBP	152	(1)	3	9.9	9.7	1.2	1.1	11.8	11.7	14.4	13.8
Future	Sep	991.5	GBP	1,109	(0)	2	28.1	28.6	1.8	1.8	6.6	6.3	7.9	7.3
Median toys/special interest					(0)	3	16.8	17.8	1.5	1.4	11.5	11.1	14.4	13.8
Walt Disney	Sep	95.2	USD	172,563	4	4	16.3	16.6	2.3	2.2	14.3	13.5	18.7	17.0
CD Projekt	Dec	170.5	PLN	17,140	(28)	61	28.4	34.5	20.9	13.0	73.4	37.6	74.6	38.4
Frontier Developments	May	238.0	GBP	94	1	6	(3.3)	(2.9)	1.2	1.2	N/A	N/A	N/A	148.8
Paradox Interactive	Dec	184.2	SEK	19,579	(2)	15	29.3	35.9	7.7	6.7	26.5	18.7	32.4	24.3
Take-Two Interactive Software	Mar	151.7	USD	26,589	12	35	13.2	22.4	4.8	3.6	36.5	15.9	44.7	18.9
Ubisoft Entertainment	Mar	14.2	EUR	1,856	(8)	9	6.2	13.2	1.5	1.4	24.5	10.5	42.9	11.4
Median IP/content					(1)	12	14.8	19.5	3.6	2.9	26.5	15.9	42.9	21.6
Games Workshop	May	11,000	GBP	3,625	2	4	36.8	36.8	6.6	6.3	17.9	17.2	24.4	23.5
Premium/(discount) to toys/special interest							19.9	19.0	340%	336%	55%	54%	69%	70%
Premium/(discount) to IP/content							22.0	17.3	84%	118%	(32%)	8%	(43%)	9%

Source: LSEG Data & Analytics, Edison Investment Research. Note: Priced at 4 October 2024.

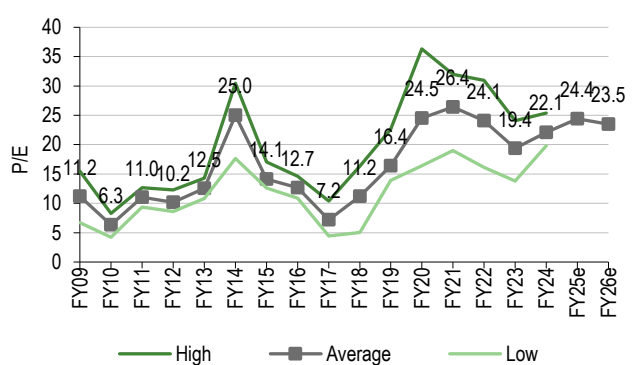
Our revenue growth estimates for GAW in FY25 and FY26 are comparable with the median for the toys and special interest companies but below those for the IP and content business. On the plus side, GAW is significantly more profitable than the medians for both sets of peers.

Strategy has delivered a re-rating of the multiple

GAW's reinvigorated growth, higher profitability, cash generation and RoCE has 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 FY25 and FY26. 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 the valuation.

Exhibit 14: GAW's EV/ sales multiples


Source: LSEG Data & Analytics, Edison Investment Research. Note: Priced at 4 October 2024.

Exhibit 15: GAW's P/E multiples


Source: LSEG Data & Analytics, Edison Investment Research. Note: Priced at 4 October 2024.

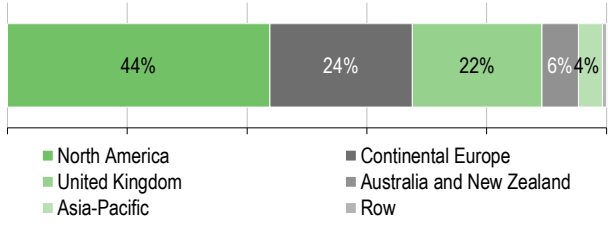
GAW's EV/sales multiple peaked at 10.4x in FY21, but this, as well as FY20's multiple, was positively influenced by the disruption to sales (the denominator) by the outbreak of the COVID-19 pandemic. Since then, there has been a gradual derating to average multiples of 7.3x, 7.2x and 6.2x from FY22–24. The prospective EV/sales multiples for FY25 and FY26 of 6.6x and 6.3x are below to in line with the more recent averages, suggesting valuation support.

The prospective P/E multiples of 24.4x and 23.5x compare with more recent (excluding COVID-19-affected years) multiples of years of c 19–24x, also suggesting valuation support.

Exhibit 16: Financial summary

Year-end 31 May	£m	2022	2023	2024	2025e	2026e
		IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT						
Revenue		414.8	470.8	525.7	534.5	555.9
– Core revenue		386.8	445.4	494.7	509.3	529.7
– Licensing revenue		28.0	25.4	31.0	25.2	26.2
Cost of sales		(127.4)	(149.2)	(151.2)	(163.0)	(169.5)
Gross profit		287.4	321.6	374.5	371.5	386.4
Operating expenses		(94.2)	(108.3)	(131.1)	(135.6)	(138.6)
EBITDA		193.2	213.3	243.4	236.0	247.8
Depreciation and amortisation		(36.1)	(43.1)	(41.6)	(39.4)	(43.4)
Reported operating profit		157.1	170.2	201.8	196.6	204.4
– Core operating profit		131.7	148.2	174.8	173.9	180.8
– Licensing operating profit		25.4	22.0	27.0	22.7	23.6
Finance income/(expense)		(0.6)	0.4	1.2	0.6	0.6
Reported PBT		156.5	170.6	203.0	197.2	205.1
Profit Before Tax (norm)		158.1	171.6	204.2	198.4	206.4
Income tax expense (includes exceptionals)		(28.1)	(35.9)	(51.9)	(49.3)	(51.3)
Reported net income		128.4	134.7	151.1	147.9	153.8
Adjusted net income (before share-based payments)		129.7	135.5	152.0	148.8	154.8
WASC (m)		32.813	32.881	32.935	32.971	33.009
Average Number of Shares Outstanding (m)		32.873	32.898	32.977	33.013	33.051
Reported EPS (p)		391.3	409.7	458.8	448.5	466.0
Reported diluted EPS (p)		390.6	409.4	458.2	447.9	465.4
EPS - normalised fully diluted (p)		394.6	411.8	460.9	450.8	468.4
DPS (p)		235.0	415.0	420.0	420.0	420.0
Gross margin		69.3%	68.3%	71.2%	69.5%	69.5%
EBITDA margin (including licensing income)		46.6%	45.3%	46.3%	44.1%	44.6%
Operating margin		37.9%	36.2%	38.4%	36.8%	36.8%
BALANCE SHEET						
Property, plant and equipment		55.0	55.7	56.5	66.5	66.2
Right-of-use assets		48.1	48.9	46.1	44.2	42.3
Goodwill		1.4	1.4	1.4	1.4	1.4
Intangible assets		25.6	21.2	22.8	25.8	28.7
Other non-current assets		37.2	25.6	32.6	32.6	32.6
Total non-current assets		167.3	152.8	159.4	170.5	171.2
Cash and equivalents		71.4	90.2	107.6	110.2	124.0
Inventories		38.4	33.0	42.2	43.6	45.3
Trade and other receivables		39.6	36.3	37.8	40.8	42.5
Other current assets		4.4	14.5	4.3	4.3	4.3
Total current assets		153.8	174.0	191.9	199.0	216.1
Trade and other payables		(33.5)	(37.0)	(46.3)	(53.4)	(55.2)
Borrowings		0.0	0.0	0.0	0.0	0.0
Leases		(9.2)	(9.9)	(10.0)	(10.0)	(10.0)
Other current liabilities		(1.9)	(1.3)	(2.1)	(2.1)	(2.1)
Total current liabilities		(44.6)	(48.2)	(58.4)	(65.5)	(67.3)
Borrowings		0.0	0.0	0.0	0.0	0.0
Leases		(39.7)	(40.0)	(37.2)	(34.8)	(31.8)
Other non-current liabilities		(2.1)	(3.0)	(2.6)	(2.6)	(2.6)
Total non-current liabilities		(41.8)	(43.0)	(39.8)	(37.4)	(34.4)
Net assets		234.7	235.6	253.1	266.5	285.7
CASH FLOW STATEMENT						
Operating Cash Flow		157.1	170.2	201.8	196.6	204.4
Depreciation and amortisation		34.8	39.5	39.0	39.4	43.4
Impairments		1.3	3.6	2.6	0.0	0.0
Share-based payments		1.6	1.0	1.2	1.3	1.3
Other adjustments		0.3	(1.2)	1.2	0.0	0.0
Movements in working capital		(35.9)	18.6	(7.9)	2.7	(1.6)
Income taxes paid		(37.7)	(39.0)	(41.7)	(49.3)	(51.3)
Operating cash flow 2		121.5	192.7	196.2	190.6	196.2
Net capex and intangibles		(32.3)	(28.3)	(32.6)	(40.4)	(34.1)
Net interest		0.2	0.3	1.4	0.6	0.6
Net proceeds from issue of shares		1.8	2.6	2.7	2.7	2.7
Dividends paid		(93.5)	(136.5)	(138.3)	(138.5)	(138.6)
Other financing activities		(11.9)	(11.8)	(11.8)	(12.4)	(13.0)
Net cash flow		(14.2)	19.0	17.6	2.6	13.8
Opening cash and cash equivalents		85.2	71.4	90.2	107.6	110.2
Currency translation differences and other		0.4	(0.2)	(0.2)	0.0	0.0
Closing net (debt)/cash		71.4	90.2	107.6	110.2	124.0
Closing net cash including leases		22.5	40.3	60.4	65.4	82.2

Source: Games Workshop Group accounts, Edison Investment Research

<p>Contact details</p> <p>Games Workshop Willow Road, Lenton Nottingham, NG7 2WS UK +44 (0)115 914 0000 www.games-workshop.com</p>	<p>Revenue by geography</p>  <table border="1"> <thead> <tr> <th>Geography</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>North America</td> <td>44%</td> </tr> <tr> <td>Continental Europe</td> <td>24%</td> </tr> <tr> <td>United Kingdom</td> <td>22%</td> </tr> <tr> <td>Australia and New Zealand</td> <td>6%</td> </tr> <tr> <td>Asia-Pacific</td> <td>4%</td> </tr> <tr> <td>Row</td> <td>4%</td> </tr> </tbody> </table>	Geography	Percentage	North America	44%	Continental Europe	24%	United Kingdom	22%	Australia and New Zealand	6%	Asia-Pacific	4%	Row	4%
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<p>Management team</p>															
<p>Chairman: John Brewis</p> <p>John became chair on 1 January 2023, having been an independent non-executive director at GAW since 2018. He does not anticipate standing for re-election at the AGM in 2025. John has over 30 years' experience in high-volume manufacturing businesses and had various roles within Reach, formerly Trinity Mirror, including managing director of its manufacturing division.</p>	<p>CEO: Kevin Rountree</p> <p>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.</p>														
<p>CFO: Rachel Tongue</p> <p>Rachel joined as group tax manager in 1996. Rachel has announced she will not seek re-election at the AGM in September 2024 and will leave GAW in January 2025. She worked in a variety of finance roles in the company before being appointed company secretary in 2008 and group finance director in 2015. From the start of November 2020, Rachel assumed responsibility for group-wide support services and legal and compliance functions. She trained as a chartered accountant and chartered tax accountant with Arthur Andersen.</p>	<p>Group FD: Liz Harrison</p> <p>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.</p>														
<p>Principal shareholders</p>															
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