8 November 2018

GAME DIGITAL PLC

Final results for the 52 weeks ended 28 July 2018

GAME Digital plc ("GAME" or the "Group") today announces its final results for the 52 week period ended 28 July 2018 (the "period"). Throughout this announcement, unless otherwise stated, year on year changes will refer to the 52 week prior year period ended 29 July 2017.

All figures in £m (unless stated)	**52 weeks ended 28 July 2018**	52 weeks ended 29 July 2017	*% Change*
Statutory measures			
Revenue	**782.3**	782.9	(0.1)
Gross profit	**196.2**	205.1	(4.3)
Loss before tax	**(7.4)**	(10.0)	26.0
Net cash from operating activities	**7.5**	7.7	(2.6)
Basic loss per share	**(6.0p)**	(7.1p)	15.5
Net cash	**58.7**	47.2	24.4
Selected non-IFRS measures			
Gross Transaction Value (GTV)[1]	**907.7**	891.0	1.9
GTV of Events & Esports[2]	**12.2**	8.7	40.2
Group gross profit rate[3]	**21.6%**	23.0%	(1.4%pts)
Group Adjusted EBITDA[4]	**10.1**	8.0	26.3
Adjusted EBITDA – Core Retail	**12.2**	14.0	(12.9)
Adjusted EBITDA – Events, Esports & Digital	**(2.1)**	(6.0)	65.0
Adjusted loss before tax[5]	**(3.5)**	(4.3)	18.6
Adjusted basic loss per share[6]	**(4.0p)**	(3.8p)	(5.3)

Financial Headlines

- Group GTV of £907.7 million, up 1.9% year-on-year
    - GTV in Events & Esports (excluding Digital) up 40.2%
- Group gross profit rate declined by 140 basis points to 21.6% reflecting the higher mix of low margin hardware and digital content and a lower mix of sales in higher margin categories, particularly preowned
- Group Adjusted EBITDA of £10.1 million (2017: £8.0 million)
- Core Retail Adjusted EBITDA of £12.2 million (2017: £14.0 million)
    - UK Retail performance impacted by the margin decline resulting from the change in mix of products, and significantly mitigated by the delivery of further operational efficiencies and cost savings of c.£11.4 million
    - Spain Retail GTV was up 7.0% but similarly impacted by the product mix at margin level
    - Events, Esports & Digital Adjusted EBITDA loss of £2.1 million (2017: loss £6.0 million) from growth in BELONG and efficiencies in the other businesses
- Strong balance sheet maintained, with Group net cash of £58.7 million at year end (2017: £47.2 million) and access to aggregated facilities of up to c.£130 million across the UK and Spain
- Investment in BELONG remains a priority and accordingly no final dividend has been proposed (2017: £nil)

Operational and Strategic Headlines

- Important strategic progress achieved towards repositioning and right sizing the UK retail business and moving from lower margin retail sales to high margin gaming experiences through BELONG™
- Collaboration agreement with Sports Direct has the potential to advance the roll-out of the BELONG gaming proposition through access to a significant number of new locations, including Sports Direct stores
        - New borrowing facilities totalling £55 million

- £3.2 million cash proceeds received for sale of 50% of the BELONG IP to Sports Direct and sharing of 50% of profits from existing and new locations with a BELONG arena

- Sale of Multiplay Digital in November 2017 for total cash consideration of £19.0 million.

Current Trading

Though early in the year, the Board remains cautiously optimistic with the prospects of the Group in the future. Trading for the first 14 weeks of the year has been ahead of the prior year, with Group Retail GTV up 4.5%. GTV in both UK and Spain are up on last year 6.6% and 1.7% respectively in local currencies reflecting the benefits of a stronger performance from new game releases this year. BELONG pay-to-play performance has been encouraging for the first 14 weeks, up 50% year-on-year (excluding the two new arenas).

Martyn Gibbs, Chief Executive Officer, said:

"Despite the challenges facing our core retail business and the difficult wider retail environment, we are making good progress on our strategic initiatives to ensure we continue to meet the needs of gamers, our customers and our supplier partners as we transform our business to become a leading provider of gaming experiences and services. Our core UK and Spain console markets have remained in growth this year driving a strong sales performance and we are constantly improving our multi-channel customer proposition in our stores and online to maximise on these opportunities. The shift in the retail product mix towards the lower margin categories has impacted on the gross profit rate but we continue to focus on improving margins by product category and driving high margin revenue streams whilst reducing the operating cost base of the Group.

During the period the UK retail business delivered cost savings of £11.4 million, as we continue to take advantage of our flexible lease profile to renegotiate leases, relocate or close stores. In addition, store operating efficiencies, procurement benefits and a reorganisation of our head office have also realised further savings this year.

"Market growth in both territories has continued into the new financial year, with the strong line-up of new software releases. Our market-leading position and specialist retailer credentials are enabling us to benefit from these opportunities.

"BELONG, the Group's esports and experience-based gaming proposition, remains core to our transformation strategy and we continue to expand the business through the opening of larger BELONG gaming arenas while improving our GAME Retail offer to fully capitalise on the strong growth potential in the esports market. The first of these larger BELONG arenas has opened and trading results to date are promising. Planning for the further rollout of arena locations is well advanced."

Results presentation

Management will be hosting a presentation for analysts and investors at 9.30 a.m. today at Citigate Dewe Rogerson, 3 London Wall Buildings, London Wall, EC2M 5SY. A live audio webcast of the presentation will be available via the Company's website at www.gamedigitalplc.com/investor-relations. A recording of the presentation will be made available on www.gamedigitalplc.com later today.

Enquiries

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Notes:

1. Gross Transaction Value is a non-IFRS measure defined as total retail receipts and all other Group revenue excluding VAT and before the deduction of revenue deferral relating to loyalty points and other accounting adjustments. Gross Transaction Value reflects the full retail sales value of digital sales, agency sales (including sales by business partners on GAME's Marketplace website), warranties and other similar arrangements and thereby includes the publishers' and sellers' shares of those transactions (see note 2 to the consolidated financial statements). Gross Transaction Value provides the most reliable measure of activity in an environment where more sales are expected to move from physical to digital.

2. Gross Transaction Value of Events & Esports excludes Multiplay Digital which was disposed of on 28 November 2017.
3. Gross profit expressed as a percentage of Gross Transaction Value.
4. Adjusted EBITDA is a non-IFRS measure defined by the Group as operating profit before tax, depreciation, amortisation, net finance costs, exceptional and adjusting items (see note 2 to the consolidated financial statements).
5. The calculation of Adjusted loss before tax excludes all exceptional and adjusting items (see note 7 to the consolidated financial statements).
6. Adjusted basic loss per share is calculated as set out in note 7 to the consolidated financial statements.

Forward Looking Statements

This announcement contains certain forward-looking statements which have been made by the Directors in good faith using information available up until the date they approved the announcement. Forward-looking statements should be regarded with caution as by their nature such statements involve risk and uncertainties relating to events and circumstances that may occur in the future. Actual results may differ from those expressed in such statements, depending on the outcome of these uncertain future events.

Notification of Home Member State

Following changes made to the Disclosure Rules and Transparency Rules ("DTR") as a result of the Transparency Directive Amending Directive (2013/50/EU), the Company is required to disclose its Home State. Accordingly, pursuant to DTR 6.4.2, the Company announces that its Home State is the United Kingdom.

Notes to editors

Listed on the London Stock Exchange in June 2014, GAME Digital plc is dedicated to delivering an authoritative range of specialist gaming products and services to the gaming communities of the UK, Spain and beyond, providing more ways for gamers to enjoy more games and unique gaming experiences, more often. GAME's UK and Spanish retail businesses are the market leaders in those geographical areas, operating a total of over 540 stores across the two areas, a fully integrated multichannel offer including the multi-award winning GAME App, and over 4.5 million active customers across its Reward programmes. GAME is developing its proposition with the continued expansion of BELONG, the Group's leisure experience, which brings video-gaming to high streets, shopping centres and communities nationwide. Through its esports and events activities the Group is delivering unparalleled consumer gaming experiences directly, and on behalf of third parties, including its flagship event, Insomnia, the UK's largest gaming festival. The Group's visual recognition and augmented reality business, Ads Reality, is pioneering the use of new technologies to reach gamers and business partners outside its main markets.

For more information please visit:

www.gamedigitalplc.com, www.game.co.uk, www.game.es, www.insomniagamingfestival.com or www.adsreality.com

You can view or download copies of this announcement and the latest Half Year and Annual Report & Accounts from the Group's corporate website at www.gamedigitalplc.com or request free printed copies at IR@gamedigitalplc.com.

This announcement constitutes inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 ("MAR").

SUMMARY OF FINANCIAL RESULTS

Figures in £m unless indicated Includes non-IFRS measures	**52 weeks ended 28 July 2018**	52 weeks ended 29 July 2017	52 week change %
Gross Transaction Value (GTV)			
Core Retail: UK	**555.8**	562.0	(1.1)
Core Retail: Spain	**338.1**	315.8	7.1
Events, Esports & Digital	**13.8**	13.2	4.5
Group GTV	**907.7**	891.0	**1.9**
Revenue			
Core Retail: UK	**471.9**	491.3	(3.9)
Core Retail: Spain	**296.6**	278.4	6.5
Events, Esports & Digital	**13.8**	13.2	4.5
Group revenue	**782.3**	782.9	**(0.1)**
Gross profit, £m	**196.2**	205.1	**(4.3)**
Gross profit rate %	**21.6%**	23.0%	(1.4%pts)
Operating costs before depreciation, amortisation, exceptional and adjusting items	**186.1**	197.1	(5.6)
Adjusted EBITDA			
Core Retail: UK	**0.5**	1.8	(72.2)
Core Retail: Spain	**11.7**	12.2	(4.1)
Events, Esports & Digital	**(2.1)**	(6.0)	65.0
Group Adjusted EBITDA	**10.1**	8.0	**26.3**
Net finance costs	**1.3**	1.3	**-**
Loss before tax	**(7.4)**	(10.0)	**26.0**
Adjusted loss before tax	**(3.5)**	(4.3)	**18.6**
Adjusted basic loss per share	**(4.0)p**	(3.8)p	**(5.3)**
Net cash	**58.7**	47.2	**24.4**

CHIEF EXECUTIVE OFFICER'S REPORT

The video games industry continues to change rapidly, driven by the constant evolution of customer and gaming behaviours. Our strategy ensures that we continue to meet the needs of gamers, our customers and our supplier partners, whilst positioning the business to respond to challenges and realise the potential of our growth opportunities. Our mission remains to build the most valuable community for gamers and we continue to focus on initiatives to further improve our retail proposition and to transform the business to a group that offers a new level of gaming experiences and services.

Strategic update

Across our retail businesses in the UK and Spain we have continued to enhance and differentiate ourselves through our specialist proposition. Active loyalty scheme members across the Group have remained at 4.5 million customers and the GAME Elite membership scheme in the UK, offering enhanced benefits, exclusive offers and driving higher spend and greater engagement, has 56,000 active members. The number of registered app users in the UK and Spain has also increased in the year to 2.1 million which again drives engagement and sales growth. We have made further developments to the multichannel proposition, offering an online trade-in service, additional delivery options and other ecommerce and mcommerce updates to enhance the customer journey. We have worked with our supplier partners throughout the year to secure exclusive versions of new software releases and utilise ecommerce, mcommerce and social media channels to be the first to promote new releases to customers in our markets.

The store optimisation programme in the UK has continued throughout the year to reduce fixed rental costs, lower operating costs and capitalise on the growth potential in major cities and towns. Our UK business has an average lease length to break of 0.9 years and we have over 200 potential lease events by the end of 2019. We have achieved savings of 42% from leases renegotiated in the year and, as at the year end date, we have a total of 25 stores on zero rent and 99 stores on flexible arrangements, usually a three-month rolling break option. The store estate in Spain is continually reviewed and a low average lease exit period of one year gives flexibility to move to better stores in existing locations and to open in new locations.

The expansion of the Group's live gaming service, BELONG, has remained the key objective in the period and the signing of the collaboration agreement with Sports Direct in February 2018 has the potential to deliver growth in BELONG in the next financial year with the financing required to implement the strategy. We have moved to establishing opportunities in far larger premises that will accommodate more stations as our utilisation rate at peak times continues to grow. It will be important to have enough space in each location to continually develop the proposition.

On the signing of the collaboration agreement, we received cash proceeds of £3.2 million for a 50% share in the BELONG intellectual property and 50% of the BELONG profits. The growth potential of the business from this investment should more than offset the profit sharing arrangement in the future.

The performance of our BELONG arenas to date has shown that larger venues are more profitable and hence we have also increased the number of stations in existing arenas where space has permitted. The total number of stations at year end was 368 (2017: 289) and the average per arena has increased to 19 compared to 16 in the prior year. We are targeting an average of 40 stations in all future arenas. Utilisation rates have also improved throughout the year and the average for the year was 29.6%.

We are also seeing growing participation from our supplier partners to utilise the BELONG arenas for local esports events, beta and other launch activities for new games. We expect these activities and the associated revenue to grow as we add more space to accommodate such events. We have held three seasons of our BELONG Arena Clash tournaments during the year, whereby arenas play off against each other on certain games, and have seen an increase in the number of competitors and social reach on each event.

Retail remains core to the Group in terms of sales and profitability and we are delivering promising results from the retail categories where GAME is sited next to a BELONG arena. Moving beyond retail to an experience and service offering will grow our retail revenues, reduce the risks associated with the cyclical nature of the gaming industry and provide long-term sustainable returns for our shareholders. As part of this strategy significant cost savings have been achieved in our UK retail business to right size it for the future. Property cost savings have been and will remain a key part of this strategy. In the last year we realised a further £1.7 million of annualised rent savings through lease renegotiations and closed 29 stores where rent and other savings would not be able to mitigate against the projected future trading performance.

Cost saving actions were also implemented across all areas of the business, and efficiencies made in distribution and store operations. The operational structure of our multichannel business will continue to evolve as we focus further on mobile and online purchasing options for our customers. A head office reorganisation took place across all levels and contracts have been reviewed and tendered to produce further savings.

Following the review of the Group's business areas in the previous year and the prioritisation of the competitive gaming and esports proposition, Multiplay Digital, the Group's server hosting business, was sold in November 2017 for a total cash consideration of £19.0 million and realised a gain on sale of £6.0 million. The Group retained the Esports & Events business that was originally part of Multiplay.

Our markets

The UK and Spanish mint console games markets have both shown growth in the year, reflecting in particular the consumer demand for the PlayStation 4 and Nintendo Switch™ consoles and software titles. In the second half of the year digital currency and console accessories associated with the rapid growth and success of Fortnite and other Battle Royale games have performed strongly.

Total Mint Video Game Retail Market Value[1], YoY % Change

	H1	H2	FY
UK market	+14.3%	+6.2%	+11.8%
Spanish market (EUR)	+13.5%	+3.5%	+10.0%
Combined market [2]	+15.2%	+5.9%	+12.2%

Notes:
1.Source: GfK Chart-Track; based on value of retail sales of mint console hardware, software, digital and accessories. H1: 26 weeks ended 27 January 2018 vs. 26 weeks ended 28 January 2017; H2: 26 weeks ended 28 July 2018 vs. 26 weeks ended 29 July 2017.
2.UK and Spanish markets combined. Spain converted into sterling equivalent.

Our UK and Spanish businesses are the market leaders in those geographical areas and market share for the year was 27% in the UK (2017: 29%) and 38% in Spain (2017: 40%). The decreases in both territories reflect the impact of the lifecycle of consoles where a greater percentage of hardware and software are sold through preowned and the continuing move of consumers to online where our market shares are growing but are lower than our shares of 'bricks and mortar' stores.

Group operating review

Revenue was broadly flat at £782.3 million (2017: £782.9 million) whereas Group GTV increased 1.9% to £907.7 million (2017: £891.0 million). The variance in growth rates reflects the difference in the recording of Digital sales. The GTV growth was driven by an increase in Hardware sales, up 17.4% year-on-year. However, the market dynamics experienced in the period led to a decline in gross profit. The gross profit rate was 21.6% (2017: 23.0%) from an increased mix of lower margin Hardware and Digital sales, and a fall in the GTV from the higher margin Preowned category.

Total GTV from Events & Esports (excluding Multiplay Digital) increased 40.2% to £12.2 million (2017: £8.7 million) driven by growth in BELONG.

We have made significant progress in the year to right size the UK retail business and achieved cost savings of £11.4 million, and this review of costs will continue into the next financial year. The Spanish business largely absorbed statutory wage and volume-related cost increases in local currency; however, overall, we saw an increase in costs due to the impact of the stronger Euro. Events, Esports & Digital also had a reduction in costs year-on-year where costs savings in the Events business and the impact of the Multiplay Digital sale more than offset the growth in BELONG costs.

Group Adjusted EBITDA grew £2.1 million to £10.1 million (2017: £8.0 million) with a Core Retail Adjusted EBITDA of £12.2 million (2017: £14.0 million) and an improving EBITDA loss of £2.1 million (2017: £6.0 million) within Events, Esports & Digital.

The Group loss before tax was £7.4 million (2017: loss of £10.0 million), whilst the basic loss per share was £6.0 pence (2017: 7.1 pence). On an adjusted basis, the adjusted loss per share was 4.0 pence (2017: 3.8 pence).

Strong working capital management together with the proceeds from the sale of Multiplay Digital and the BELONG IP have helped us to end the year with an increase in our cash position to £58.7 million (2017: £47.2 million) and the Group has access to aggregated facilities across the UK and Spain of up to £130 million, increasing to £169 million over the peak period, which means we have the capital to further develop and implement our strategy over the coming years.

CHIEF FINANCIAL OFFICER'S REVIEW

Summary of Group Results

Statutory Results – IFRS measures	**52 weeks ended 28 July 2018 £m**	52 weeks ended 29 July 2017 £m	52 week change %
Revenue	**782.3**	782.9	(0.1)
Gross profit	**196.2**	205.1	(4.3)
Operating loss	**(6.1)**	(8.7)	29.9
Loss before tax	**(7.4)**	(10.0)	26.0
Basic loss per share	**(6.0p)**	(7.1p)	15.5
Net cash	**58.7**	47.2	24.4
Selected Non-IFRS measures			
Gross Transaction Value (GTV)	**907.7**	891.0	1.9
GTV – Events & Esports (excluding Multiplay Digital)	**12.2**	8.7	40.2
Gross profit rate	**21.6%**	23.0%	(1.4%pts)
Adjusted EBITDA	**10.1**	8.0	26.3
Adjusted EBITDA - Core Retail	**12.2**	14.0	(12.9)
Adjusted EBITDA - Events, Esports and Digital	**(2.1)**	(6.0)	65.0
Adjusted loss before tax	**(3.5)**	(4.3)	18.6
Adjusted basic loss per share	**(4.0p)**	(3.8p)	(5.3)

Revenue and Gross Transaction Value

Statutory revenue was broadly flat at £782.3 million (2017: £782.9 million). The Group reviews sales performance based on Gross Transaction Value ('GTV') as it reflects the full retail sales value of digital and other agency sales and therefore provides the most reliable measure of activity where more sales are moving from physical to digital. A reconciliation of Group GTV to revenue is provided in note 2 to the consolidated financial statements.

Overall the Group's Gross Transaction Value (GTV) rose by £16.7 million or 1.9% in the year to £907.7 million (2017: £891.0 million). GTV for Events & Esports (excluding Multiplay Digital) grew by £3.5 million or 40.2% from the continued growth in the number of stations and utilisation in the BELONG business.

Hardware GTV grew £30.3 million or 17.4% reflecting consumer demand for the Nintendo Switch console, the stronger relative sales of PlayStation 4 and the benefits of the Xbox One X launch.

Content GTV, which includes both physical and digital gaming content, increased by 2.3%. Within this total, the total GTV of all physical software formats was in line with the previous year, however, a decline in Xbox One games plus the continued decline in old generation formats was offset by Nintendo Switch software sales, driven by the larger installed hardware base and a growing number of titles available. Digital sales have continued to grow, driven by the popularity of Fortnite, and in the second half of the year console digital sales rose by 33.3% versus the same period last year.

GTV from the Accessories & Other category (which includes all revenue from the Events, Esports & Digital division) decreased by £3.8 million to £142.7 million. Console accessories sales increased by 10.6% and benefitted from the Fortnite phenomenon that drove headset sales in the second half of the year. The Toys-to-Life category has continued to decline and sales were down £5.0 million year-on-year, plus the sale of Multiplay Digital led to a further £2.9m decrease in this category.

GTV from Preowned products decreased by 10.9% to £155.3 million (2017: £174.3 million). The Group saw a decline in the sale of preowned Xbox 360 and PlayStation 3 hardware and software, plus lower Xbox One and PlayStation 4 software sales where sales tend to follow the mint market. Sales of preowned mobile phones and tablets (GAMEtronics) were 4.5% lower than the prior year.

Gross Transaction Value	**52 weeks ended**	52 weeks ended	52 week

	28 July 2018 £m	29 July 2017 £m	change %
Hardware	**204.5**	174.2	17.4
Content	**405.2**	396.0	2.3
Accessories & Other	**142.7**	146.5	(2.6)
Preowned	**155.3**	174.3	(10.9)
Total	**907.7**	891.0	1.9

Gross profit

The Group gross profit for the period was £196.2 million down from £205.1 million in the previous period, despite revenue being unchanged. The Group assesses the change in gross profit by reviewing the gross profit rate (calculated as gross profit as a percentage of GTV) as this calculation provides a more consistent approach to measuring the gross profit rate where more sales are moving from physical to digital. The Group gross profit rate reduced by 140 basis points to 21.6% (2017: 23.0%). The overall decline reflects the higher mix of sales from Hardware and Digital content, where margins are lower, and the reduction in Preowned sales which is a high margin category for the Group.

The Group gross profit rate by category is analysed in the table below:

Gross profit rate % of GTV	52 weeks ended 28 July 2018 %	52 weeks ended 29 July 2017 %	52 week change %pts
Hardware	**6.7**	6.1	0.6
Content	**22.5**	23.4	(0.9)
Accessories & Other	**30.4**	29.6	0.8
Preowned	**30.8**	33.6	(2.8)
Total	**21.6**	23.0	(1.4)

The Hardware gross profit rate increased 0.6 percentage points to 6.7% due to the outperformance of the higher margin achieved on the Nintendo Switch console.

The Content gross profit rate decreased by 0.9 percentage points to 22.5% given the mix of physical and digital product sales.

The Accessories & Other category, which comprises a mix of products and services at different margin rates, from low margin VR hardware to 100% margin rate on BELONG pay-to-play, grew 0.8 percentage points, to 30.4%.

The Preowned gross profit rate fell by 2.8 percentage points to 30.8% due to the decreasing mix of software and old generation products which delivered a higher margin rate in comparison to the new generation software and hardware.

Operating expenses

Underlying operating expenses (before adjusting and exceptional items) decreased by £9.7 million or 4.7% to £198.4 million (2017: £208.1 million). This equated to 25.4% of revenue (2017: 26.6%) and hence the Group has started to see further progress on its cost control actions, designed to mitigate the challenging retail market conditions.

Before depreciation and amortisation charges, underlying operating expenses decreased by £11.0 million or 5.6% to £186.1 million.

52 weeks ended 28 July 2018	**Core Retail** £m	**Events, Esports & Digital** £m	**Total** £m
Selling and distribution	147.0	2.1	149.1
Administrative	43.4	5.9	49.3
Total underlying operating expenses	**190.4**	**8.0**	**198.4**
Depreciation and amortisation	(11.1)	(1.2)	(12.3)
Operating expenses excluding D&A	**179.3**	**6.8**	**186.1**

52 weeks ended 29 July 2017	Core Retail	Events, Esports & Digital	Total

	£m	£m	£m
Selling and distribution	153.2	1.1	154.3
Administrative	45.5	8.3	53.8
Total underlying operating expenses	**198.7**	**9.4**	**208.1**
Depreciation and amortisation	(10.1)	(0.9)	(11.0)
Operating expenses excluding D&A	**188.6**	**8.5**	**197.1**

Group selling and distribution costs decreased by £5.2 million, and Core Retail decreased by £6.2 million, as Events, Esports & Digital includes additional costs associated with the growth in BELONG. The reduction in Core Retail reflects the cost savings in the UK from store lease renegotiations, payroll and other efficiencies. In local currency, Spain Retail costs increased by €0.2 million and the business largely absorbed statutory wage increases and volume-related increases linked to higher sales in the period. In sterling this increase translated to £1.5 million due to the effects of the stronger Euro.

Group administrative expenses fell by £4.5 million to £49.3 million. Events, Esports & Digital accounted for £2.4 million of this reduction from the sale of Multiplay Digital in the year and a lower cost base in the Events business. Savings were also made on Core Retail costs through the reorganisation of the UK Head Office and tender of contracts.

Underlying costs excluding depreciation and amortisation	**52 weeks ended 28 July 2018 £m**	52 weeks ended 29 July 2017 £m	52 week change %
Core Retail	**179.3**	188.6	(4.9)
UK Retail	**121.3**	132.7	(8.6)
Spain Retail	**58.0**	55.9	3.8
Events, Esports & Digital	**6.8**	8.5	(20.0)
Total	**186.1**	197.1	(5.6)
Spain Retail, €m	**65.3**	64.8	0.8

Adjusted EBITDA

The profitability of each business segment is measured by Adjusted EBITDA. This excludes items classified as adjusting and exceptional, which are not reflective of underlying trading or may be significant one-off or non-recurring items, and is before depreciation and amortisation charges. A reconciliation of Adjusted EBITDA to the loss before tax is provided in note 2 to the financial statements.

Adjusted EBITDA	**52 weeks ended 28 July 2018 £m**	52 weeks ended 29 July 2017 £m	52 week change %
UK Retail	**0.5**	1.8	(72.2)
Spain Retail	**11.7**	12.2	(4.1)
Core Retail	**12.2**	14.0	(12.9)
Events, Esports & Digital	**(2.1)**	(6.0)	65.0
Total	**10.1**	8.0	26.3

The Group delivered an Adjusted EBITDA of £10.1 million (2017: £8.0 million). The increase reflects an improvement of £3.9 million in Events, Esports & Digital from better gross profit rates together with a reduction in underlying operating expenses and the impact of the Multiplay Digital disposal in the year. Core Retail decreased by £1.8 million as both the UK and Spain were impacted by market conditions and the reduction in gross profit rates, which the UK was largely able to mitigate through its cost savings actions in the year.

The overall net growth in Adjusted EBITDA reflects the Group's ambition to grow the Events and Esports businesses to offset the challenges in the Core Retail segment.

Segmental results

Core Retail: UK

	52 weeks ended 28 July 2018 £m	52 weeks ended 29 July 2017 £m	52 week change %
Gross Transaction Value	**555.8**	562.0	(1.1)
Revenue	**471.9**	491.3	(3.9)

Gross profit rate (%)[1]	**21.9%**	23.9%	
Adjusted EBITDA	**0.5**	1.8	(72.2)

[1] Calculated as a % of GTV

The UK Retail business saw Gross Transaction Value decline by 1.1% and revenue by 3.9% in the year. A strong performance on Hardware sales helped to mitigate the decline in the Preowned category. However, the movement in sales mix towards lower margin Hardware and Digital content led to the 2.0 percentage point decrease in the gross profit rate.

Underlying operating costs before depreciation and amortisation were reduced by £11.4 million or 8.6%. This net reduction reflects operating cost savings including:

- £2.2 million of rent savings from lease renegotiations and store closures.
- A decreased of £3.5 million in store payroll costs, after absorbing the impact of statutory wage increases and inflation.
- Other store cost savings of £2.2 million.
- Distribution savings and efficiencies of £1.3 million.
- A reduction in marketing expenditure, the head office reorganisation and other procurement benefits of £2.2 million.

Despite the fall in the gross profit rate, the cost savings initiatives limited the impact on Adjusted EBITDA and this declined by £1.3 million to £0.5 million for the year (2017: £1.8 million).

Core Retail: Spain

	52 weeks ended 28 July 2018 £m	52 weeks ended 29 July 2017 £m	52 week change %	52 week LC change[2]
Gross Transaction Value	**338.1**	315.8	7.0	4.2
Revenue	**296.6**	278.4	6.5	3.7
Gross profit rate (%)[1]	**20.6%**	21.6%		
Adjusted EBITDA	**11.7**	12.2	(4.1)	(7.7)

[1] Calculated as a % of GTV

[2] LC – local currency basis. Calculated based on original Euro amounts

GAME's Spanish Retail business (excluding esports) delivered GTV growth of 4.2% over the period on a local currency basis with all categories up except for Preowned. On a reported basis, after the effects of a stronger Euro during the period, the Spanish GTV rose 7.0% to £338.1 million. However, as per the UK Retail business, a higher mix of Hardware and Digital content led to the 1.0 percentage point decline in the gross profit rate.

The total underlying operating costs before depreciation and amortisation increased by just €0.5 million despite statutory wage and sales volume-related increases and in sterling this equated to a £2.1 million increase due to the exchange rate impact. The Adjusted EBITDA for the period was £11.7 million (2017: £12.2 million). In local currency terms Adjusted EBITDA was €13.1 million (2017: €14.2 million).

Events, Esports & Digital

	52 weeks ended 28 July 2018 £m	52 weeks ended 29 July 2017 £m	52 week change %
Gross Transaction Value	**13.8**	13.2	4.5
Revenue	**13.8**	13.2	4.5
Gross profit rate (%)[1]	**34.1%**	18.9%	
Adjusted EBITDA	**(2.1)**	(6.0)	65.0

[1] Calculated as a % of GTV

GTV and revenue from Events, Esports & Digital grew 4.5% to £13.8 million (2017: £13.2 million). Revenue from Events & Esports (excluding Multiplay Digital which was sold on 28 November 2018) grew 40.2% to £12.2 million (2017: £8.7 million).

The gross profit rate increased by 15.2 percentage points to 34.1%. The improvement was partly due to improved cost of sales terms in Game Esports and Events and the growth of BELONG pay-to-play which is at 100% margin.

Underlying operating costs before depreciation and amortisation decreased by £1.7 million to £6.8 million (2017: £8.5 million). The sale of Multiplay Digital accounted for the £1.7 million decrease and cost savings within the Events business mitigated the growth in BELONG operating costs.

The Adjusted EBITDA loss for the period was £2.1 million, reduced from a £6.0 million loss in the previous year, and it reflects the scaling up of the BELONG business and efficiencies and improvements within the other divisions.

Exceptional and adjusting items

Exceptional and adjusting items are detailed in note 2 and note 5 to the consolidated financial statements.

Adjusting items, principally comprising amortisation charges on acquired intangibles and the costs of post-acquisition remuneration, reduced by £1.3 million in the period to £10.7 million (2017: £12.0 million). Post-acquisition remuneration charges ended on the third anniversary of the original Multiplay (UK) Limited acquisition in 2015, and payment was made on 2 March 2018, representing £2.4 million of cash and the issue of 2,079,002 ordinary shares in GAME Digital plc. No further post-acquisition remuneration will accrue. Amortisation charges decreased by £0.4 million as a result of the disposal of Multiplay Digital.

Exceptional costs totalled £2.4 million (2017: £nil) for the period, all of which related to new projects, initiatives or one-off charges/credits:

- The Group has undertaken several key strategic projects and initiatives and incurred non-recurring expenses during the year which resulted in £2.7 million of costs.
- In addition, £1.4 million of redundancy and related costs have been incurred as part of the UK reorganisation.
- An impairment charge of £1.2 million has been recorded against the assets of the Ads Reality business as it made an Adjusted EBITDA loss for the period and the latest forecasts show that further investment is required in order to drive future growth.
- During the period the Group reached agreement with HMRC on previously overpaid VAT on preowned goods resulting in £2.9 million of exceptional income, which partly offsets the costs above.

The Group has recorded £9.2 million of exceptional income (2017: £6.3 million) relating to a number of one-off significant items (note 5 to the consolidated financial statements):

- On 28 November 2017, the Group sold its entire shareholding in Multiplay (UK) Limited for cash consideration of £19.0 million and this resulted in a gain on sale of £6.0 million.
- On 12 February 2018, the Group entered into the collaboration agreement with Sports Direct and as part of the agreement, Sports Direct acquired a 50% interest in the rights of the BELONG intellectual property for cash consideration of £3.2 million.
- In the previous year a gain of £6.3 million was realised when the Group sold its freehold property interest in the distribution centre and head office buildings in the UK and entered into an immediate leaseback of these premises.

Net finance costs

Net finance costs totalled £1.3 million (2017: £1.3 million). All of the facilities in the UK were undrawn in the period, however commitment fees and the amortisation of arrangements fees were incurred together with interest costs on finance leases. The Spanish business utilised its facilities during the period.

Loss before tax

The Group loss before tax was £7.4 million (2017: £10.0 million).

The Core Retail loss before tax was £9.7 million (2017: profit of £0.4 million) and this was predominantly driven by the movement in exceptional costs and exceptional income year-on-year.

Events, Esports & Digital delivered a profit before tax of £2.3 million (2017: loss of £10.4 million) and the improvement resulted from the reduction in the Adjusted EBITDA loss and the exceptional income.

Tax

The effective tax rate (defined as the tax charge divided by the profit before tax) was -37.8% (2017: -21.0%). The tax rate in both periods has been impacted by a number of one-off adjustments to the tax charge including adjustments to prior periods for both corporation and deferred tax, and unrecognised trading losses in the UK.

Loss per share

In order to give a better view of underlying earnings, adjustments to earnings per share have been made to remove the impact of adjusting and exceptional items (note 7 to the consolidated financial statements).

	52 weeks ended 28 July 2018 £m	52 weeks ended 29 July 2017 £m
Loss before tax	**(7.4)**	(10.0)
Adjusting items	**10.7**	12.0
Exceptional costs	**2.4**	-
Exceptional income	**(9.2)**	(6.3)
Adjusted loss before tax	**(3.5)**	(4.3)
Tax	**(3.3)**	(2.1)
Adjusted loss after tax	**(6.8)**	(6.4)
Shares outstanding (basic)[1]	**170,796,466**	169,690,084
Adjusted basic loss per share	**(4.0p)**	(3.8p)

[1] Excludes shares held in trust (EBT and SIP)

The Group reported an Adjusted basic loss per share of 4.0 pence (2017: 3.8 pence) and the adjusted loss after tax for the current period was impacted by the tax charge for the year.

On a statutory basis, the basic loss per share was 6.0 pence (2017: 7.1 pence) and the reduction in the loss per share resulted largely from the £9.2 million of exceptional income, less exceptional costs, in the period.

Cash flow and net cash

	52 weeks ended 28 July 2018 £m	52 weeks ended 29 July 2017 £m
Loss before tax	**(7.4)**	(10.0)
Depreciation, amortisation, impairment and other non-cash items	**17.3**	18.9
Payment of post-acquisition remuneration	**(2.4)**	-
Net movement in working capital	**4.6**	1.1
Cash generated by operations	**12.1**	10.0
Finance costs paid	**(0.9)**	(1.4)
Corporation tax paid	**(3.7)**	(0.9)
Net cash from operating activities	**7.5**	7.7
Capital expenditure	**(10.1)**	(11.6)
Cash used in operations after capital expenditure	**(2.6)**	(3.9)
Disposal of Multiplay (UK) Limited	**14.9**	-
Disposal of BELONG IP	**3.2**	-
Proceeds from sale of property	**-**	13.3
Dividends	**(1.7)**	(5.8)
Net repayments of borrowings	**(2.2)**	(0.2)
Finance income	**0.1**	0.1
Cash flow	**11.7**	3.5

Cash generated by operations amounted to £12.1 million (2017: £10.0 million). A favourable movement in working capital (including significant improvements to trade working capital) was the primary driver of this increase. The £2.4 million cash element of the deferred post-acquisition remuneration on the original Multiplay (UK) Limited acquisition was paid on 2 March 2018 and no further amounts are payable.

Corporation tax payments increased £2.8 million to £3.7 million due to the timing of payments on account in Spain.

Group capital expenditure amounted to £10.1 million (2017: £11.6 million). UK capital expenditure decreased as much of the initial BELONG expenditure for the opening of arenas was incurred in the previous period. Expenditure was incurred on store relocations and improvements including the expansion of BELONG and development of the Group's online and digital infrastructure.

The sale of Multiplay Digital and 50% of the BELONG IP resulted in net proceeds of £14.9 million and £3.2 million respectively. A further £1.9 million of consideration on the Multiplay disposal is held in Escrow for 19 months and is recorded in other receivables as it is subject to any warranty claims, and is receivable on 28 June 2019.

Cash resources and financing

As at 28 July 2018 the Group had cash and cash equivalents of £58.7 million (2017: £47.2 million) and the UK and Spanish banking and other facilities were undrawn.

Borrowings in the consolidated statement of financial position are finance lease liabilities.

The Group has access to combined facilities across the UK and Spain of up to £130 million, increasing up to £169 million over the peak period, as follows:

- A UK asset-backed revolving loan facility agreement with PNC Financial Services UK Limited and Wells Fargo Capital Finance (UK) Limited of up to £50 million, increasing to £75 million in the peak period, expiring on 31 December 2020.
- A financing facility with a syndicate of Spanish banks amounting to €28.0 million and increasing by a further €16.0 million during the peak season, expiring on 31 January 2020.
- A £20 million unsecured working capital facility and a £35 million unsecured capital expenditure facility provided by Sportsdirect.com Retail Limited, the latter of which the Group may utilise to fund the opening of new BELONG arenas and Game Retail stores under the collaboration agreement. The working capital facility is available until 31 January 2019, with the option to request a one year extension. The capital expenditure facility is available for drawing over quarterly periods expiring 31 January 2023.

Dividends

The interim dividend of £1.7 million for the 52 weeks ended 29 July 2017 was paid in the year.

Reflecting the decision to continue the expansion and investment in the Group and at the same time optimise the UK estate in light of the significant number of lease events over the next 12 months, the Board has taken the decision not to declare a final dividend payment (2017: £nil).

The Board will continue to evaluate future dividends and remains committed to returning surplus cash to shareholders after retaining sufficient capital to fund the required investment.

Going concern

The Directors have considered the activities and performance of the Group together with factors which could potentially affect future developments. After careful consideration the Directors believe that the Group has sufficient cash resources and appropriate financing facilities to ensure payments can be made as they fall due for a period of not less than 12 months from the approval of the financial statements.

In making their assessment the Directors have reviewed the Group's latest budget and forecasts and considered reasonably possible downside sensitivities in performance and mitigating actions. These indicate that the Group will operate within its cash resources, financing facilities and covenants. Accordingly, the financial statements have been prepared on the going concern basis.

Viability statement

In accordance with provision C.2.2 of the 2016 revision of the Code, the Directors have assessed the viability of the Company and Group over a longer period than the 12 months required by the Going Concern reporting requirements. The Directors concluded that an assessment period of three years to July 2021 is appropriate as this is consistent with the Group's three year plan process. The cyclical nature of the gaming industry in terms of the estimated launch dates of new consoles and games means that a longer viability assessment period is not meaningful. The Group's plans take into consideration the current and expected future market conditions, latest and projected trading performance, the Group's strategy, plans and the principal risks, as set out in the Report and Accounts.

In assessing viability, the Directors have considered the principal risks facing the Group and modelled reasonable downside scenarios to analyse the cash and borrowing levels as well as the headroom under the Group's facilities. This modelling included the potential for and effectiveness of mitigating actions. Various scenarios were modelled, some of which took account of the impact of plausible multiple risks occurring and these included the impact on revenue and gross profit from faster growth in the online business where market shares are lower or faster growth in lower margin digital content; slower growth of the BELONG business; and potential changes in the financial position including changes in lending and credit insurance arrangements. The Directors also considered other strategic initiatives that could mitigate against the risks assessed above including the potential sale of parts of the Group.

Based on this assessment and after careful consideration, the Directors believe that it is reasonable to expect that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 July 2021.

Martyn Gibbs Chief Executive Officer	Ray Kavanagh Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 28 July 2018

		52 weeks ended 28 July 2018			52 weeks ended 29 July 2017		
		Underlying	**Adjusting & exceptional**	**Total**	Underlying	Adjusting & exceptional	Total
	Note	**£m**	**£m**	**£m**	£m	£m	£m
Revenue		**782.3**	**-**	**782.3**	782.9	-	782.9
Cost of sales		**(586.1)**	**-**	**(586.1)**	(577.8)	-	(577.8)
Gross profit		**196.2**	**-**	**196.2**	205.1	-	205.1
Other operating expenses	3	**(198.4)**	**(13.1)**	**(211.5)**	(208.1)	(12.0)	(220.1)
Other exceptional income	5	**-**	**9.2**	**9.2**	-	6.3	6.3
Operating loss	4	**(2.2)**	**(3.9)**	**(6.1)**	(3.0)	(5.7)	(8.7)
Finance income		**0.1**	**-**	**0.1**	0.1	-	0.1
Finance costs		**(1.4)**	**-**	**(1.4)**	(1.4)	-	(1.4)
Loss before taxation		**(3.5)**	**(3.9)**	**(7.4)**	(4.3)	(5.7)	(10.0)
Taxation		**(3.3)**	**0.5**	**(2.8)**	(2.1)	-	(2.1)
Loss for the period attributable to equity holders of the Company		**(6.8)**	**(3.4)**	**(10.2)**	(6.4)	(5.7)	(12.1)
Exchange differences on translation of foreign operations		**(0.4)**	**-**	**(0.4)**	1.7	-	1.7
Total comprehensive expense for the period attributable to equity holders of the Company		**(7.2)**	**(3.4)**	**(10.6)**	(4.7)	(5.7)	(10.4)
Loss per share							
Basic (pence)	7			**(6.0)**			(7.1)
Diluted (pence)	7			**(6.0)**			(7.1)

All results relate to continuing operations (note 2)

Consolidated Statement of Financial Position

As at 28 July 2018

	28 July 2018 £m	29 July 2017 £m
Non-current assets		
Property, plant and equipment	**16.1**	17.2
Intangible assets	**24.0**	47.5
Trade and other receivables	**1.7**	2.5
	41.8	67.2
Current assets		
Inventories	**78.0**	81.2
Trade and other receivables	**20.0**	23.5
Current income tax assets	**0.9**	1.7
Cash and cash equivalents	**58.7**	47.2
	157.6	153.6
Total assets	**199.4**	220.8
Current liabilities		
Trade and other payables	**95.6**	100.8
Borrowings	**0.8**	2.0
Current income tax liabilities	**1.0**	2.6
Leasehold property incentives	**0.5**	0.8
	97.9	106.2
Net current assets	**59.7**	47.4
Non-current liabilities		
Borrowings	**1.1**	2.6
Deferred tax liabilities	**0.8**	1.3
Leasehold property incentives	**1.1**	1.5
	3.0	5.4
Total liabilities	**100.9**	111.6
Net assets	**98.5**	109.2
Equity attributable to equity holders of the Company		
Share capital	**1.7**	1.7
Share premium	**15.0**	14.4
Merger reserve	**130.9**	130.9
Cumulative translation reserve	**(2.1)**	(1.7)
Other reserve	**-**	4.0
Retained deficit	**(47.0)**	(40.1)
Total equity	**98.5**	109.2

Consolidated Statement of Changes in Equity

For the 52 weeks ended 28 July 2018

	Share capital £m	Share premium £m	Merger reserve £m	Cumulative translation reserve £m	Other reserve £m	Retained deficit £m	Total equity £m
At 30 July 2016	1.7	14.4	130.9	(3.4)	2.6	(23.1)	**123.1**
Loss for the period	-	-	-	-	-	(12.1)	**(12.1)**
Exchange differences on translation of foreign operations	-	-	-	1.7	-	-	**1.7**
Total comprehensive income/(expense)	-	-	-	1.7	-	(12.1)	**(10.4)**
Credit to equity for equity-settled share-based payments	-	-	-	-	-	0.9	**0.9**
Credit to equity for equity-settled post-acquisition remuneration	-	-	-	-	1.4	-	**1.4**
Dividends (note 6)	-	-	-	-	-	(5.8)	**(5.8)**
At 29 July 2017	1.7	14.4	130.9	(1.7)	4.0	(40.1)	**109.2**
Loss for the period	-	-	-	-	-	(10.2)	**(10.2)**
Exchange differences on translation of foreign operations	-	-	-	(0.4)	-	-	**(0.4)**
Total comprehensive expense	-	-	-	(0.4)	-	(10.2)	**(10.6)**
Credit to equity for equity-settled share-based payments	-	-	-	-	-	0.6	**0.6**
Credit to equity for equity-settled post-acquisition remuneration	-	-	-	-	1.0	-	**1.0**
Issue of share capital	-	0.6	-	-	(5.0)	4.4	**-**
Dividends (note 6)	-	-	-	-	-	(1.7)	**(1.7)**
At 28 July 2018	**1.7**	**15.0**	**130.9**	**(2.1)**	**-**	**(47.0)**	**98.5**

Consolidated Statement of Cash Flows

For the 52 weeks ended 28 July 2018

	Note	52 weeks ended 28 July 2018 £m	52 weeks ended 29 July 2017 £m
Cash flow from operating activities			
Loss before tax		(7.4)	(10.0)
Depreciation	4	6.5	6.1
Amortisation	4	15.0	14.5
Impairment	4	1.2	-
Loss on disposal of non-current assets	4	0.4	0.2
Cash-settled post-acquisition remuneration charge		0.5	0.8
Payment of post-acquisition remuneration	2	(2.4)	-
Share-based payments expense		1.6	2.3
Exceptional income	5	(9.2)	(6.3)
Finance income		(0.1)	(0.1)
Finance costs		1.4	1.4
Decrease/(increase) in trade and other receivables		4.8	(2.8)
Decrease/(increase) in inventories		2.8	(3.4)
(Decrease)/increase in trade and other payables		(2.3)	8.1
Decrease in leasehold incentives		(0.7)	(0.8)
Cash generated by operations		12.1	10.0
Finance costs paid		(0.9)	(1.4)
Corporation tax paid		(3.7)	(0.9)
Net cash from operating activities		7.5	7.7
Cash flows from investing activities			
Purchase of property, plant and equipment		(6.1)	(6.5)
Purchase of intangible assets		(4.0)	(5.1)
Proceeds from sale of subsidiary	5	14.9	-
Proceeds from sale of assets	5	3.2	-
Proceeds from sale of property, plant and equipment	5	-	13.3
Finance income		0.1	0.1
Net cash generated by investing activities		8.1	1.8
Cash flows from financing activities			
Proceeds from borrowings		-	1.4
Repayments of borrowings		(2.2)	(1.6)
Dividends paid to owners of the Company	6	(1.7)	(5.8)
Net cash used in financing activities		(3.9)	(6.0)
Net increase in cash and cash equivalents		11.7	3.5
Cash and cash equivalents at beginning of period		47.2	43.1
Effect of foreign exchange rates		(0.2)	0.6
Cash and cash equivalents at end of period		58.7	47.2

Notes

1 Basis of preparation

This statement is based on the Company's financial statements which are prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretation Committee (IFRS IC) interpretations as adopted by the European Union and in accordance with the Companies Act 2006 applicable to companies reporting under IFRS.

With the exception of the new and revised standards adopted in the year, as discussed below, there have been no significant changes in accounting policies from those set out in the GAME Digital plc's Annual Report and Accounts 2017. The accounting policies have been applied consistently throughout the 52 week period ended 28 July 2018 and 52 week period ended 29 July 2017.

The financial information set out in this statement does not constitute the Group's statutory accounts for the 52 week period ended 28 July 2018 and 52 week period ended 29 July 2017 but is derived from those accounts. Statutory accounts for 2017 have been delivered to the Registrar of Companies and those for 2018 will be delivered following the Company's Annual General Meeting. The auditor's reports on the 2017 and 2018 accounts were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

There are no new and revised standards and interpretations that are relevant to the Group and have been adopted for the first time for the financial period that have had a significant impact on the amounts reported in the financial statements.

The Group has not begun a detailed assessment of the impact that IFRS 16 *Leases* will have on the consolidated financial statements and it is not practicable to provide a reasonable estimate until this detailed review has been completed. Also, given the nature of the store lease negotiations that have taken place in the UK in the last few years, some of the leases may be covered by the exception for short-term leases. However, as with most retailers, this standard is expected to have a significant impact on the Group's results and balance sheet. With 543 store leases across the Group plus head office and distribution centre leases in the UK and Spain, the majority of these leases will be brought onto the balance sheet. This will have the effect of increasing the Adjusted EBITDA but the overall impact on the profit before tax has not been quantified. The standard is mandatory for periods beginning on or after 1 January 2019 and at this stage the Group does not intend to adopt the standard before its effective date.

Going concern

The Directors have a reasonable expectation that the Group and the Company has adequate financial resources to ensure it continues to operate for a period of not less than 12 months from the approval of the Financial Statements. In reaching their conclusion the Directors have carefully considered the cash resources and financing facilities available to the Group and have reviewed budgets and forecasts including downside sensitivities. Given this information the Directors have adopted the going concern basis of accounting in preparing the financial statements.

2 Segmental information

The Group's operating segments have been determined based on the management information reviewed by the Group's Chief Executive Officer.

The Chief Executive Officer considers the business from a geographic perspective for the retail businesses, namely the UK and Spain and these segments are separately managed. Recent acquisitions and new business ventures, comprising BELONG, Game Esports and Events, Ads Reality, Game Esports Spain and Multiplay (UK) Limited prior to its disposal, are presented as a separate segment titled 'Events, Esports & Digital'. The performance of this segment is reviewed separately by the Chief Executive Officer, the activities are different to those of the retail segments and significant growth is expected in the next few years.

Multiplay (UK) Limited, comprising the Multiplay Digital business, was sold on 28 November 2017, but has been presented within continuing operations as it was part of the Events, Esports & Digital segment and not a significant part of the business to be classified as a discontinued operation.

The Group uses certain Alternative Performance Measures ('APMs') that are not required to be presented in accordance with IFRS nor are defined under IFRS and these include Gross Transaction Value ('GTV') and Adjusted EBITDA. The APMs provide additional and more consistent measures of underlying activity and performance by removing items that are not reflective of the Group's underlying trading.

The performance of operating segments is assessed based on GTV, Revenue and Adjusted EBITDA defined as follows:

- GTV is defined as total retail receipts and all other Group revenue excluding VAT and before the deduction of revenue deferral relating to loyalty points and other accounting adjustments. GTV reflects the full retail sales value of digital sales, agency sales (including sales by business partners on GAME's Marketplace website), warranties and other similar arrangements and thereby includes the publishers' and sellers' shares of those transactions. GTV provides the most reliable measure of activity in an environment where more sales are expected to move from physical to digital.

- Revenue is measured in a manner consistent with that in the statement of comprehensive income.
- The Group defines Adjusted EBITDA as operating profit/(loss) before depreciation and amortisation, exceptional and adjusting items.

The segment information provided to the Chief Executive Officer for the reportable segments is as follows:

	52 weeks ended 28 July 2018			52 weeks ended 29 July 2017		
	Core Retail £m	**Events, Esports & Digital £m**	**Total £m**	Core Retail £m	Events, Esports & Digital £m	Total £m
Gross Transaction Value						
UK	**555.8**	**13.5**	**569.3**	562.0	12.7	574.7
Spain	**338.1**	**0.3**	**338.4**	315.8	0.5	316.3
Total Gross Transaction Value	**893.9**	**13.8**	**907.7**	877.8	13.2	891.0
Revenue						
UK	**471.9**	**13.5**	**485.4**	491.3	12.7	504.0
Spain	**296.6**	**0.3**	**296.9**	278.4	0.5	278.9
Total revenue from external customers	**768.5**	**13.8**	**782.3**	769.7	13.2	782.9

	52 weeks ended 28 July 2018 £m	52 weeks ended 29 July 2017 £m
Total Gross Transaction Value	**907.7**	891.0
Digital cost of sales	**(117.8)**	(108.2)
Other agency cost of sales	**(4.7)**	(3.5)
Loyalty points deferral	**(9.2)**	(5.9)
Other accounting adjustments	**6.3**	9.5
Total revenue	**782.3**	782.9

In the previous year, management performed a detailed review and recalculation of the loyalty scheme in the UK following a reduction in the expiry period the year before. This resulted in a lower deduction for loyalty point redemptions being recorded relating to a change in the accounting estimate of future expiries.

Other accounting adjustments comprise movements in provisions and estimates (including accounting for gift card, returns and deposits) and other revenue adjustments for the Core Retail segment.

	52 weeks ended 28 July 2018			52 weeks ended 29 July 2017		
	Core Retail £m	**Events, Esports & Digital £m**	**Total £m**	Core Retail £m	Events, Esports & Digital £m	Total £m
Adjusted EBITDA						
UK	**0.5**	**(1.7)**	**(1.2)**	1.8	(5.3)	(3.5)
Spain	**11.7**	**(0.4)**	**11.3**	12.2	(0.7)	11.5
Total Adjusted EBITDA	**12.2**	**(2.1)**	**10.1**	14.0	(6.0)	8.0
Depreciation and amortisation	**(11.1)**	**(1.2)**	**(12.3)**	(10.1)	(0.9)	(11.0)
Underlying operating profit/(loss)	**1.1**	**(3.3)**	**(2.2)**	3.9	(6.9)	(3.0)
Adjusting items:						
Brand and other acquired intangibles amortisation	**(8.4)**	**(0.8)**	**(9.2)**	(8.4)	(1.2)	(9.6)
Costs of post-acquisition remuneration	**-**	**(1.5)**	**(1.5)**	-	(2.2)	(2.2)
Cost of IPO-related share-based compensation	**-**	**-**	**-**	(0.2)	-	(0.2)
Total adjusting items	**(8.4)**	**(2.3)**	**(10.7)**	(8.6)	(3.4)	(12.0)
Exceptional costs:						
Redundancy and reorganisation costs	**(1.4)**	**-**	**(1.4)**	-	-	-
Impairment charge	**-**	**(1.2)**	**(1.2)**			
Project-related costs and other						

similar costs	**(2.7)**	**-**	**(2.7)**	-	-	-
VAT refund relating to preowned goods	**2.9**	**-**	**2.9**	-	-	-
Total exceptional costs	**(1.2)**	**(1.2)**	**(2.4)**	-	-	-
Other exceptional income (note 5)	**-**	**9.2**	**9.2**	6.3	-	6.3
Finance income (note 7)	**0.1**	**-**	**0.1**	0.1	-	0.1
Finance costs (note 8)	**(1.3)**	**(0.1)**	**(1.4)**	(1.3)	(0.1)	(1.4)
(Loss)/profit before taxation	**(9.7)**	**2.3**	**(7.4)**	0.4	(10.4)	(10.0)

Adjusting items:
Brand amortisation arose in the UK on the purchase of the trade and assets from the former GAME Group plc and in Spain on consolidation of the company, plus other acquired intangibles were recognised on the acquisitions of Multiplay (UK) Limited and Ads Reality. These amortisation charges are recurring costs to the Group and therefore not classified as exceptional, however, as they are significant non-cash items and are not reflective of the underlying trading of the businesses they are presented as adjusting items.

Post-acquisition remuneration relates to cash and shares payable to certain selling shareholders agreed at the time of the acquisition of Multiplay (UK) Limited and this cost was in addition to recurring annual remuneration for these employees. The payment of this post-acquisition remuneration was on 2 March 2018, representing £2.4m of cash and the issue of 2,079,002 ordinary shares in GAME Digital plc. No further post-acquisition remuneration will accrue on the Multiplay (UK) Limited acquisition.

One-off share option awards made in conjunction with the IPO in June 2014 were presented as adjusting items due to the nature of the awards. Subsequent annual awards are included within other operating expenses as they are a recurring cost to the Group.

Exceptional costs:
During the period, the Group has undertaken several key strategic projects and initiatives, plus incurred other one-off costs, which has resulted in £2.7m of non-recurring costs (2017: £nil). In addition, £1.4m (2017: £nil) of redundancy and related costs have been incurred as part of the UK reorganisation. The impairment charge of £1.2m arose on Ads Reality (part of the Events, Esports & Digital segment) as a result of a strategic review of this business and its operations.

During the previous period, the Group identified a difference in the provision for margin adjustments in relation to the sale of preowned goods and a prior period adjustment was made to restate amounts in the appropriate accounting periods. At that time the exact cause and quantum of the difference was unknown and in order to recover potentially overpaid VAT on preowned goods, the error would need to be agreed with HMRC. Recoverability was uncertain and no receivable was recorded in the statement of financial position. In the current year the error was disclosed to HMRC, a refund claim submitted which was agreed and settled before the year end date and exceptional income of £2.9m has been recorded.

	52 weeks ended 28 July 2018			52 weeks ended 29 July 2017		
	Core Retail £m	**Events, Esports & Digital £m**	**Total £m**	Core Retail £m	Events, Esports & Digital £m	Total £m
Total assets						
UK	**117.8**	**7.2**	**125.0**	129.7	17.6	147.3
Spain	**73.8**	**0.6**	**74.4**	72.9	0.6	73.5
Combined total assets	**191.6**	**7.8**	**199.4**	202.6	18.2	220.8
Total liabilities						
UK	**54.8**	**1.8**	**56.6**	66.2	5.6	71.8
Spain	**44.3**	**-**	**44.3**	39.8	-	39.8
Combined total liabilities	**99.1**	**1.8**	**100.9**	106.0	5.6	111.6

For the purposes of monitoring segmental performance and allocating resources between segments, the Group's Chief Executive Officer monitors the current and non-current assets and current and non-current liabilities attributable to each segment. All assets and liabilities are allocated to reportable segments.

Other segment information

	52 weeks ended 28 July 2018			52 weeks ended 29 July 2017		
	Core Retail £m	**Events, Esports & Digital £m**	**Total £m**	Core Retail £m	Events, Esports & Digital £m	Total £m
Depreciation, amortisation and impairment*						

UK	**16.8**	**3.2**	**20.0**	15.9	2.1	18.0
Spain	**2.7**	**-**	**2.7**	2.6	-	2.6
Total	**19.5**	**3.2**	**22.7**	18.5	2.1	20.6

* includes brand and other acquired intangibles amortisation presented within adjusting items

An impairment loss of £1.2m against intangible assets has been recognised in the Events, Esports & Digital segment in the period (2017: £nil).

	52 weeks ended 28 July 2018			52 weeks ended 29 July 2017		
	Core Retail £m	**Events, Esports & Digital £m**	**Total £m**	Core Retail £m	Events, Esports & Digital £m	Total £m
Additions to non-current assets						
UK	**5.4**	**1.8**	**7.2**	7.4	2.6	10.0
Spain	**2.9**	**-**	**2.9**	1.6	-	1.6
Total	**8.3**	**1.8**	**10.1**	9.0	2.6	11.6

Revenues from major products and services

The Group's revenues from its major products and services were as follows:

	52 weeks ended 28 July 2018 £m	52 weeks ended 29 July 2017 £m
Hardware	**203.0**	173.4
Content	**284.0**	286.9
Accessories and Other	**141.7**	147.8
Preowned	**153.6**	174.8
Total revenue	**782.3**	782.9

Hardware revenue represents the sale of console platforms. Content revenue includes income relating to the sale of gaming products for use on hardware platforms, including both physical and digital content. Digital content is reported on a commission basis and is recognised net of associated purchase costs. Accessories & Other includes the sale of console accessories, PC, VR and related accessories, licensed merchandise and all other retail revenue and revenue from the Events, Esports & Digital segment including 'pay-to-play' activities in BELONG arenas. Preowned includes the sale of preowned content, hardware, accessories and mobile devices. No single customer contributed more than 10% to Group revenue.

The Group's revenue from external customers, based on the destination of the customer, and information on non-current assets by geographical location are detailed below:

	Revenue		**Non-current assets**	
	52 weeks ended 28 July 2018 £m	52 weeks ended 29 July 2017 £m	**28 July 2018 £m**	29 July 2017 £m
UK	**481.5**	495.5	**31.6**	56.6
Spain	**296.9**	279.1	**10.2**	10.6
Other	**3.9**	8.3	**-**	-
Total	**782.3**	782.9	**41.8**	67.2

Revenue from the individual countries included within Other are not material to present separately.

3 Other operating expenses

	52 weeks ended 28 July 2018 £m	52 weeks ended 29 July 2017 £m
Selling and distribution costs	**149.1**	154.3
Administrative expenses	**49.3**	53.8
Total operating expenses before adjusting items	**198.4**	208.1
Adjusting items: administrative expenses (note 2)	**10.7**	12.0
Exceptional items: administrative expenses (note 2)	**2.4**	-
Total other operating expenses	**211.5**	220.1

4 Operating loss

	52 weeks ended 28 July 2018 £m	52 weeks ended 29 July 2017 £m
Operating loss is stated after charging/(crediting):		
Depreciation of property, plant and equipment	**6.5**	6.1
Amortisation of intangible assets	**15.0**	14.5
Impairment of intangible assets	**1.2**	-
Loss on disposal of non-current assets	**0.4**	0.2
Gain on sale of subsidiary and assets (note 5)	**(9.2)**	(6.3)
Staff costs	**87.4**	96.2
Net foreign exchange (gains)/losses	**(0.3)**	0.1
Operating lease rentals – leasehold premises	**32.8**	34.5
– other	**0.2**	0.3

5 Other exceptional income

	52 weeks ended 28 July 2018 £m	52 weeks ended 29 July 2017 £m
Gain on sale of subsidiary	**6.0**	-
Gain on sale of assets	**3.2**	-
Gain on sale of freehold property	**-**	6.3
Total	**9.2**	6.3

On 28 November 2017, the Group sold its entire shareholding in Multiplay (UK) Limited to Unity Technologies APS for a total cash consideration of £19.0m of which £17.1m was received and the remaining £1.9m is held in escrow for 19 months. Transaction costs totalled £1.5m and the settlement of the finance lease liability was £0.7m which resulted in net proceeds for the period of £14.9m. The net assets of Multiplay (UK) Limited at the date of disposal were as follows:

	£m
Property, plant and equipment	**0.3**
Intangible assets	**11.2**
Trade and other receivables	**0.9**
Cash and cash equivalents	**-**
Trade and other payables	**(0.6)**
Deferred tax liabilities	**(0.3)**
Net assets disposed	**11.5**
Gain on sale	**6.0**
Transaction costs	**1.5**
Total cash consideration	**19.0**

On 12 February 2018 the Group entered into a collaboration agreement with Sportsdirect.com Retail Limited. The collaboration agreement covers the rollout of BELONG and Game Retail Limited stores, in standalone locations as well as concessions in Sports Direct sites. As part of the collaboration agreement, Sports Direct has acquired a 50% interest in the rights of the BELONG intellectual property for a cash consideration of £3.2m and the right to a profit share of up to 50% of future profits of BELONG arenas.

On 7 October 2016 the Group sold its freehold property interest in the distribution centre and head office buildings located in Basingstoke, UK and entered into an immediate leaseback of these premises. The total cash consideration was £13.5m less transaction costs of £0.2m resulting in an exceptional gain of £6.3m.

6 Dividends

Amounts recognised as distributions to owners of the Company in the period:

	52 weeks ended 28 July 2018 £m	52 weeks ended 29 July 2017 £m
Interim dividend for the 53 weeks ended 30 July 2016 of 1.67p per share	**-**	**2.8**
Final dividend for the 53 weeks ended 30 July 2016 of 1.75p per share	**-**	**3.0**
Interim dividend for the 52 weeks ended 29 July 2017 of 1.0p per share	**1.7**	**-**
Total	**1.7**	**5.8**

Amounts proposed and not recognised as distributions to owners of the Company in the period:

Proposed interim dividend for the 52 weeks ended 29 July 2017 of 1.0p per share	-	1.7

The GAME Digital plc Employee Benefit Trust has waived all dividends payable by the Company in respect of the ordinary shares held by it. The total dividends waived in the period were £nil (2017: £nil).

7 Loss per share

Loss per share has been calculated by dividing the loss for the period by the weighted average number of ordinary shares in issue during the period.

Basic

	52 weeks ended 28 July 2018 £m	52 weeks ended 29 July 2017 £m
Loss for the period attributable to equity holders of the Company	**(10.2)**	(12.1)
Weighted average number of ordinary shares in issue	**171,725,357**	170,859,106
Less: weighted average number of shares held in trusts	**(928,891)**	(1,169,022)
Weighted average number of ordinary shares for basic loss per share	**170,796,466**	169,690,084
Basic loss per share (pence)	**(6.0)**	(7.1)

Diluted

	52 weeks ended 28 July 2018 £m	52 weeks ended 29 July 2017 £m
Loss for the period attributable to equity holders of the Company	**(10.2)**	(12.1)
Weighted average number of ordinary shares in issue for basic loss per share	**170,796,466**	169,690,084
Effect of dilutive potential ordinary shares:		
Share options and equity-settled post-acquisition remuneration	**-**	-
Weighted average number of ordinary shares for diluted loss per share	**170,796,466**	169,690,084
Diluted loss per share (pence)	**(6.0)**	(7.1)

There was no difference in the weighted average number of shares used for the calculation of basic and diluted loss per share as the effect of all potentially dilutive shares outstanding was anti-dilutive.

Adjusted loss per share

	52 weeks ended 28 July 2018 £m	52 weeks ended 29 July 2017 £m
Loss for the period attributable to equity holders of the Company	**(10.2)**	(12.1)
Adjusting items:		
Brand and other acquired intangibles amortisation	**9.2**	9.6
Costs of post-acquisition remuneration	**1.5**	2.2
Cost of IPO-related share-based compensation	**-**	0.2
Exceptional costs:		
Redundancy and reorganisation costs	**1.4**	-
Impairment charge	**1.2**	-
Project-related costs and other similar costs	**2.7**	-
VAT refund relating to preowned goods	**(2.9)**	-
Other exceptional income	**(9.2)**	(6.3)
Tax on items above	**(0.5)**	-
Adjusted loss for the period attributable to equity holders of the Company	**(6.8)**	(6.4)
Weighted average number of ordinary shares in issue for adjusted basic loss per share	**170,796,466**	169,690,084
Adjusted basic loss per share (pence)	**(4.0)**	(3.8)

Weighted average number of ordinary shares in issue for adjusted diluted loss per share	**170,796,466**	169,690,084
Adjusted diluted loss per share (pence)	**(4.0)**	(3.8)

8 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Transactions with related parties

Game Stores Iberia SLU leases a property in which a member of key management owns 50% of the ordinary share capital of the lessor company. The annual rent is £0.1m and the lease term is for a period of five years from June 2015, however the lessee can terminate the lease at any time by providing three months' notice.

On 12 February 2018 the Group entered into a collaboration agreement with Sportsdirect.com Retail Limited and obtained unsecured borrowing facilities of £55m and an arrangement fee of £0.1m was paid in respect of the working capital facility. Sportsdirect.com Retail Limited is a subsidiary of Sports Direct International plc which is a related party of the Company by virtue of holding 25.4% of the Company's share capital. The facilities have not been utilised in the period and no drawdowns were made. Under the profit sharing arrangement set out in the collaboration agreement, the Group was owed £0.7m (2017: £nil) by Sportsdirect.com Retail Limited and this amount was unpaid at the balance sheet date.

There were no other amounts (2017: £nil) owed by or to related parties at the end of the financial period.

On 20 April 2016, the Company, its subsidiary Game Retail Limited (as borrower) and certain other subsidiaries of the Company entered into an asset-backed revolving loan facility of up to £100.0m with Lajedosa Investments S.à r.l., a related party at the date of the agreement. No amount had been drawn under this facility and it was not extended by the Company during the year and it expired on 31 October 2017.