10 June 2019

Codemasters Group Holdings Plc
("Codemasters", the "Group" or the "Company")

Full Year Results for the Year Ended 31 March 2019
Launched four games and delivered strategic partnerships, which together generated significant earnings and margin growth

Codemasters (AIM: CDM), the award-winning British video game developer and publisher specialising in high quality racing games, announces full year results for the year ended 31 March 2019 ("**FY 2019**").

Financial highlights

- Revenue increased 11.9% to £71.2 million (FY 2018: £63.6m)
- Gross profit increased 16.0% to £62.4 million (FY 2018: £53.8m)
- Gross margin increased 3.0% to 87.6% (FY 2018: 84.6%) – due to a higher proportion of digital sales which now represent 59.2% of total (FY 2018: 41.3%)
- Adjusted EBITDA[1] increased 59.8% to £18.7 million (FY 2018: £11.7m)
- Adjusted earnings per share[2] increased by 64.1% to 13.3p (FY 2018: 8.1p)
- Net cash of £18.2 million (FY 2018: net debt of £112.9m)

Strategic and Operational highlights

- Successfully launched four titles
  - ONRUSH (new IP) was released on 5 June 2018, introducing in-game micro transactions
  - F1® 2018 (annual release of the F1® franchise) - released on 24 August 2018 and is the highest rated PS4 racing game of 2018
  - F1® Mobile Racing - the official mobile game of the 2018 FIA FORMULA ONE WORLD CHAMPIONSHIP™ on iOS in October 2018 and Android in November 2018
  - DiRT Rally 2.0 - launched in February 2019, introducing a fully fledged Games as a Service strategy
- Signed agreement with NetEase, Inc. ("NetEase") to publish three of the Group's key PC titles in China
- Esports partnership with Motorsport Network the world's largest media company dedicated to motorsports
- Expansion into mobile with NetEase partnership to co-develop a new game to be published globally by NetEase
- Successfully operated the F1 Esports Series for the second year running

Outlook

- Strong schedule for games to be released in FY 2020
  - Earlier release of F1® 2019 game in June 2019 on PlayStation 4, Xbox One and PC – for the first time, launching ahead of the British, German, Hungarian and Austrian Grand Prix
  - GRID franchise to return in September 2019 on PlayStation 4, Xbox One, PC and as a launch title on Google Stadia
- Increase in proportion of digital sales expected to continue
- Continued development of mobile including further updates and additional content released on F1® Mobile Racing
- Increased focus on Games-as-a-Service

- Ongoing market developments provide significant opportunities
    - Streaming platforms
    - Launch of Next Gen consoles (Microsoft and Sony)

Frank Sagnier, CEO of Codemasters, commented:
"I am pleased to report on a milestone year in Codemasters' rich history, including admission to AIM in June 2018 and considerable strategic developments made across the Group. Significant progress was made against each of our key strategic objectives, as well as delivering profitability ahead of the expectations set at the time of the IPO. The Group has also put in place many of the building blocks that will underpin our future performance.

"We have continued to grow and engage our loyal consumer base through four game launches whilst also signing key strategic partnerships with leading publishers, platform holders and brands that will help us to expand our audience. We believe this is testament to our expertise in racing and history of creating AAA games.

"The structural drivers in our industry are here to stay and will propel the future growth of our business. We expect the continuing shift into digital distribution, together with the evolution of the Games as a Service model, the launch of streaming platforms and Next Gen consoles, our partnerships in China on both PC and mobile and the emergence of esports to provide further opportunities for Codemasters going forward. We look forward to continuing to be at the forefront of the evolution of our industry."

This announcement is released by Codemasters Group Holdings plc and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

For the purposes of MAR and Articles 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of the Company by Rashid Varachia, Chief Financial Officer.

This announcement includes the primary financial statements and a number of the notes to the accounts from the Group's Annual report for the year ended 31 March 2019. Please note that this is an abbreviated note, please refer to the annual report for the full financial statements including all supporting notes.

Notes:

[1] Adjusted EBITDA is a non-GAAP measure used by the Company, which is defined as profit before finance costs on borrowings, tax, capitalisation of development costs, depreciation, amortisation and non-recurring items.

[2] Adjusted EPS is a non GAAP measure presented as a meaningful comparison of earnings per share across periods. It is defined as Adjusted net income per share (which is also a non GAAP measure used as a proxy for cash earnings), where the number of shares across each period is the outstanding amount of Ordinary shares in issue as at 31 March 2019. Given the significant variance in the number

of shares in issue pre and post IPO and the associated impact on weighted average number of shares in issue between the periods, an adjusted measure has been presented. Adjusted net income is defined as Adjusted EBITDA less cash interest and tax paid.

A video overview of the full year results from Chief Executive Officer Frank Sagnier and Chief Financial Officer Rashid Varachia is available to watch here: http://bit.ly/CDMFY19

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ABOUT CODEMASTERS:

Codemasters (AIM:CDM) is an award winning British video game developer and publisher with over 30 years of heritage. The company specialises in high quality racing games including DiRT, GRID, ONRUSH and the BAFTA award-winning official F1® series of videogames.

Codemasters' LEI number is: 213800NOITSDQVNP5W91

Chairman's statement

Overview
FY 2019 represents a milestone in the Company's long and rich history. The IPO in June 2018 welcomed new shareholders and raised additional funds to help the business take advantage of the significant opportunities that lie ahead. The gaming industry has grown enormously during the last decade and is forecasted to continue to do so in the future. Changing and improved infrastructure in the form of online and mobile gaming, online distribution and completely new business models have led to increased investment in games and distribution platforms. This has enabled us to deliver games to an ever-growing proportion of the global population and Codemasters is benefiting from its focus on producing racing games of the highest quality.

Results
The Group has delivered FY 2019 revenue of £71.2 million, adjusted EBITDA of £18.7 million and profit before tax of £2.9 million in its maiden results since IPO. The Group successfully launched four titles in the financial year: F1® 2018, DiRT Rally 2.0, ONRUSH and F1® Mobile Racing. It also benefitted from a strong back catalogue and key strategic partnerships in the period. The positive rate at which the shift to digital has occurred has improved margins.

Strategy
The Group's immediate strategy as highlighted in its admission document at the time of the IPO is as follows:
- strengthen Codemasters' overall leadership position in racing;
- grow the audience;
- increase average revenue per user; and
- raise competitive barriers to entry

The growth strategy remains unchanged and is based on the strength of the Group's overall leadership in racing through the Group's proven expertise in this category and the quality of its AAA franchises. We are well positioned to take advantage of a strong growth market, the increasing shift to digital distribution and post launch services, increasing the Group's penetration into existing and new markets, as well as the new opportunities from upcoming streaming platforms.

People
The Group currently employs 511 people across three locations in the United Kingdom and one in Kuala Lumpur, Malaysia. I would like to extend my thanks to the whole Codemasters team for their hard work and commitment which has delivered experiences for our loyal gamers of which they can be extremely proud.

Outlook
The global gaming industry's outlook is highly positive with experts predicting further significant growth going forward. We expect future growth to be driven by three main factors:
- improved technology, including faster and even more reliable online networks and the potential introduction of new consoles from Sony and Microsoft;
- investments by large companies building new streaming platforms. As an example, Google with their service, Stadia, will allow Codemasters to reach additional markets by enabling the Company to create content for up to two billion players;
- the continued growth of competitive gaming both through participation in bigger esports competitions and viewership of content on platforms such as Twitch and YouTube.

The racing genre has its clear place within today's video gaming industry and will play an equally important part within the above-mentioned expected growth areas.

Codemasters is very well positioned to benefit from these growth factors due to its focus, flexibility across platforms and reputation within the very well defined racing category.

Gerhard Florin
Chairman
9 June 2019

Chief Executive Officer's Review

Strategic progress

I am pleased to report a year of considerable activity for the Group, including admission to AIM in June 2018. Significant progress was made against each of our key strategic objectives, as well as delivering profitability ahead of the expectations set at the time of the IPO and putting in place many of the building blocks that will underpin our future performance.

Digital revenue continued to improve and represented the majority of total sales at 59.2% (FY 2018: 41.3%). This led to an improved gross margin for the period of 87.6% (FY 2018: 84.6%) and contributed towards a full year Adjusted EBITDA performance of £18.7 million (FY 2018: £11.7m), ahead of our expectations set at the time of our IPO. Profit before tax of £2.9 million was generated in the year. The shift to digital is a trend that we expect to see continue in the future.

We continue to grow and engage with our consumer base through a wider range of games, platforms and initiatives including mobile and esports. This year we released ONRUSH, a new own IP game in the arcade racing genre and the first title from our new Cheshire studio. The game was well received by media with an average Metacritic score of 76% and has been played by more than 2.5 million players.

We have delivered the highly successful F1® New Balance Esports Series to our F1® players and fans. Created and operated in collaboration with F1® and Gfinity, the series saw over 66,000 players compete across 1.1 million qualifying laps, and generated over 100 million social impressions, 20 million video views and 5.5 million viewers across digital and linear TV channels. In a clear demonstration of how the sport is reaching a new, younger, more digitally minded audience, 70% of viewers tuning in to watch the final were under 34 years old. Codemasters has also brought a new audience to the F1® franchise with the launch of its F1® Mobile Racing free to play game for iOS and Android devices. To date over 9 million players have downloaded the game and this has given Codemasters another route to market with a new, more mainstream audience who may also want to play the console game should they look for a deeper and more immersive experience.

In February, we launched DiRT Rally 2.0, the sequel to the critically acclaimed DiRT Rally and the thirteenth title in the series that began in 1998 with Colin McRae Rally. The game currently averages 84% on reviews aggregator site Metacritic across three platforms, once again highlighting Codemasters' pedigree as a world-leader in the development of high-end premium racing games. Official PlayStation Magazine rated the game 9/10 and said "this is simply the best rally sim yet".

We have entered into new strategic partnerships that will allow us to further expand our consumer base and content portfolio. In November, we signed an agreement with NetEase Inc, one of China's leading internet and online game services providers, to publish three of our key PC titles in China. As part of the agreement, NetEase will invest in marketing and localising the games to accelerate growth in the territory. In January, we signed an additional agreement with NetEase to co-develop a new mobile game for the global market. This partnership is not just a validation of the quality of our products and development talent but an opportunity to reach an entirely new audience and work with one ofthe best publishers in the world. In addition to this, in February we announced a global esports partnership with Motorsport Network, the world's largest motorsport media company, to create, promote and manage esports events for Dirt Rally 2.0 and GRID.

We introduced our Games as a Service ('GaaS') strategy with the launch of Dirt Rally 2.0. GaaS (whereby additional content is released and sold separately to customers post release) will become an important part of the Group's future growth. Engaging with our community over time with fresh downloadable content, new features or events post-launch has become a top priority. It will help drive player engagement, satisfaction and retention, resulting in a longer life cycle for our games and additional digital revenues. All future launches will offer our consumers post-launch downloadable content and services through a range of models including transactions, subscriptions, advertising and sponsorship.

The Company is focused on growing the business organically but will review acquisition opportunities when appropriate in order to accelerate growth.

Operational review

A portfolio of proven content delivering consistent returns

Codemasters has a long history of developing high quality, AAA rated games and over recent years has focused solely on the racing category for which it is best known. Its success to date has largely focused around its three key franchises, GRID, DiRT and F1®, with the first two being fully owned IP, and F1® benefitting from exclusive rights. As the Company has invested more in these franchises and expanded its distribution agreements, their performance has continued to improve and provide growing and predictable revenue streams at increasingly profitable levels, driven by the growing trend towards digital delivery which also gives players 24/7 access to our growing back catalogue of titles. In June 2018, the Company released a new owned IP game, ONRUSH.

The sales performance this year has been delivered largely due to the release of the latest annual instalment of the F1® franchise (F1® 2018), ONRUSH (released in June 2018), DiRT Rally 2.0 (released in February 2019), the Company's back catalogue of titles and a number of business development initiatives.

F1® 2018 was launched on 24 August 2018 and was the highest rated PS4 racing game of 2018 according to reviews aggregator site Metacritic.com (85%). This year's instalment included the addition of two new circuits, Paul Ricard and Hockenheim, even more classic cars and numerous new features. It also delivered the most accurate simulation model to date, a key consideration for our growing and dedicated fan base who strive to experience the same performance as real-life drivers. The game is the centre of F1® New Balance Esports Series, which has been broadcast live on Facebook, Sky TV and broadcast outlets from around the world, and included drivers representing nine of the official F1® racing teams. F1® 2018 reached number one in the sales charts in 11 different countries and has performed well across all platforms.

F1® Mobile Racing was released on iOS on 18 October 2018, and Android at the end of November 2018. This free to play mobile game has helped bring the franchise to a wider audience and, although not material in terms of its financial contribution at this early stage, generates revenue through micro-transactions. At launch, Apple featured the game in the top slot of its App Store. F1® Mobile Racing has been released in 154 countries across all major markets, with the exception of China, had over nine million downloads and reached number one in the iOS Racing Game charts in every territory.

On 26 February 2019, DiRT Rally 2.0 was released with a Metacritic rating of 84%. A deluxe version was released four days earlier than the standard version at a premium price and offered customers additional content. The game includes a number of iconic rally locations from across the globe, classic and modern vehicles, as well as a series of unique new features. DiRT Rally 2.0 also exclusively features the official 2018 FIA WORLD RALLY CROSS CHAMPIONSHIP season including eight of the official

WorldRX circuits at launch. Over the first six months of the game's life we will be delivering new content every 2 weeks alongside a host of new features and daily racing events.

The Company's back catalogue of games performed well and we expect this trend to continue, again largely driven by the increasing adoption of digital delivery and the growth in distribution channels. Codemasters' three key franchises are long established and each one of them has built a passionate and growing fan base.

ONRUSH is an arcade racing game which was released on 5 June 2018. It received good critical reviews (PS4 Metacritic rating of 76%) but made a smaller revenue contribution than the other recent major releases. The Company has continued to support the game with new content, micro transactions, price promotions and access via subscription services to build brand awareness for the future. Following the release of the game on Xbox Game Pass and PlayStation Plus, over 2.5 million gamers have now played ONRUSH.

In addition, the Group has signed up to an exclusive partnership with Subor for ONRUSH to be included for its newly launched console. The Group received a minimum guaranteed revenue of $5 million from the game.

Expanding our audiences

Through digital channels we can now continually engage in a two way dialogue with our fans and offer new content to existing games which will help to extend and increase the commercial success of each instalment of our franchises. This is further strengthened through our proprietary RACENET platform, which helps to ensure that our game developers are able to make the most informed decisions based on deep data analysis of player interactions with new features, content and products. As a result, our loyal community of gamers contribute towards the shaping and marketing of Codemasters' games.

Our expertise in racing and history of creating AAA games has helped to establish key strategic partnerships with leading brands. In January 2019 we entered into a joint development agreement with NetEase, Inc., one of China's leading internet and online game services providers, to develop a new mobile game. The partnership will see NetEase commit an internal mobile development team, apply its proven knowledge of mobile game design, and take on all operational and publishing activities with regard to the game. Whilst Codemasters will provide assistance with its proprietary technology, resources and existing game assets.

As part of the agreement we will receive a minimum of $8 million USD in revenue over the next three years, of which $7.3 million USD has been recognised in these reported results. The total lifetime revenue from this agreement shall be dependent upon sales performance as profit generated by the game, following recoupment by NetEase of the aforementioned $8 million USD, shall be shared between the parties.

In a separate deal signed in November 2018, NetEase agreed to publish three of our key PC titles in China, leveraging their superior sales, marketing and community management power in the most populated country in the world.

In February 2019 we announced a global esports partnership with Motorsport Network, the world's largest motorsport media company. The partnership began following the launch of DiRT Rally 2.0 and will see both companies work together on a bespoke esports programme that will enable Codemasters to reach a larger racing fan base and create tournaments for players of all abilities. The ongoing partnership will allow Motorsport Network to create, promote and manage esports events across several of Codemasters' future racing games portfolio (excluding Codemasters' official Formula 1 games suite). Motorsport Network is an ideal partner for the Company as it not only shares our love of motor racing but has great expertise and an enormous consumer reach through its integrated digital ecosystem that speaks 17 languages and reaches over 30 million people every month. Esports is a growing phenomenon which racing is well suited for and an area of future growth for the Group.

Outlook

We have a strong pipeline of launches in the financial year ending 31 March 2020 ("FY 2020"), with the release of the F1® 2019 game in June 2019, two months earlier than last year's iteration to move the release date closer to the start of the season. In September 2019, we will be bringing back our GRID franchise for the first time since 2014 and for the first time on this generation of Sony and Microsoft consoles. In addition, we will be launching GRID Autosport on Nintendo Switch in partnership with Feral Interactive. We are honoured to have the highly renowned racing driver Fernando Alonso as GRID's Racing Consultant which we believe will not just improve the quality of the in-game racing experience, but also add to the credibility of the game and raise awareness of it with a wider audience. GRID will also be a launch title on Stadia, the new Google streaming platform, which launches in November 2019.

Although not a new release as such, we will constantly update DIRT Rally 2.0 with new content and features and expect the game to deliver a material percentage of our back-catalogue revenue for FY 2020.

Our industry is seeing unprecedented levels of investment, including new digital stores and upcoming streaming platforms, driven by ever-improving network infrastructure and increasing access to broadband. These platforms all desire high quality games to attract consumers and we believe these represent a significant opportunity for building our revenue streams further in the coming years as racing is a key category for gamers. Unlike many of our competitors Codemasters is a business that is not constrained by platform either through technological capability or allegiance. We also expect a next generation of consoles to be released in the future, providing yet another major boost to the industry.

Ensuring our games are of the highest quality for our discerning audiences is key. As such, FY 2020 will see an increase in our development costs as we continue to continually improve the quality of our games, service them for many months post launch and invest in anticipation of the next generation consoles and streaming platforms to ensure that we keep providing innovative racing games to our community.

Alongside the Group's own successes, the structural drivers in our industry are here to stay and will propel the future growth of our business. We expect the continuing move into digital distribution, together with the evolution of the Games as a Service model and the development of streaming platforms, to provide further opportunities for Codemasters going forward, and we look forward to continuing to be at the forefront of the evolution of our industry. It has taken the industry forty years to become a $135 billion industry and we believe it is well placed for continuous growth. The most exciting times are clearly ahead of us.

Frank Sagnier
Chief Executive Officer
9 June 2019

Chief Financial Officer's Review

Overview

As detailed in the Chief Executive Officer's review, the significant progress made against the Group's strategic objectives has delivered FY 2019 profitability ahead of our expectations set at the time of the IPO and significantly ahead of the prior year. The Group delivered revenue of £71.2 million which represented an 11.9% increase from £63.6 million in 2018.

A higher proportion of digital sales has contributed to gross margin percentage of 87.6% which has increased by 3.0% from 84.6% in 2018. Adjusted EBITDA of £18.7 million (2018: £11.7 million) has also increased by 59.8%.

Adjusted EPS of 13.3 pence has increased by 5.2 pence from 8.1 pence per share in 2018. Following the proceeds of the IPO, the pre-IPO group restructuring and the settlement of loans, cash balances as at 31 March 2019 were £18.4 million (net cash of £18.2 million after deducting finance lease creditors).

Trading

The Company delivered £71.2 million of revenue in 2019 (2018: £63.6 million), primarily driven by performance of the major releases in the year (F1® 2018, DiRT Rally 2.0 and ONRUSH).2018 also included three major releases (F1® 2017, DiRT 4 and Micro Machines World Series).

Revenue from current year releases have also been supported by the continued strength of revenue from the Group's back catalogue (games released in prior financial years) and a number of specific agreements to further sell Codemasters product into new markets or channels.

In addition, the Group has also recognised £5.6 million of revenue in 2019 from the strategic arrangement with NetEase.

Where the Group enters into a specific arrangement for sales of product into new markets these are typically through digital channels. Together with the continued shift of the market to consuming a greater proportion of digitally downloaded games, this has led to the proportion of sales from digital channels increasing to 59.2% in 2019 (2018: 41.3%). Digital sales are beneficial to the Group as they deliver an increased gross margin when compared to boxed titles. With all Codemasters product available digitally, this guarantees a greater longevity of the back catalogue in the market. In 2019 the Group has achieved a gross margin of 87.6% (2018: 84.6%). We expect these market trends to continue and gross margin to remain ahead of 2018 levels going forward.

The Company's Board of Directors use Adjusted EBITDA as a key trading performance indicator. The Board believes this provides a meaningful measure of the underlying operational cash earnings of the Company. The table below reconciles operating profit which is reported in the income statement to Adjusted EBITDA.

	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
Revenue	**71,219**	**63,566**

Gross profit	**62,388**	**53,776**
Gross Margin %	87.6%	84.6%
Operating profit	**8,304**	**8,058**
- amortisation & impairment of development costs and computer software	27,470	20,292
- less interest on unwinding of licensing agreements	(2,001)	(1,028)
- depreciation	1,430	1,084
- capitalisation of development costs	(23,231)	(23,435)
- share based payments	6,725	6,762
Adjusted EBITDA	**18,697**	**11,733**
Tax (charge)/ credit on profit on ordinary activities	771	2,384
Less non-cash tax items (deferred tax charged to income statement)	(838)	(2,409)
Cash interest	34	(356)
Adjusted net income	**18,664**	**11,352**

Adjusted EBITDA includes cost of sales, development costs and sales, general and administrative costs. In 2019 Adjusted EBITDA of approximately £18.7 million was achieved (2018: £11.7 million). Growth in Adjusted EBITDA has been driven by the growth in revenue and shift to more profitable routes to market than in previous years.

Commentary regarding the key reconciling items noted above is as follows:

- Amortisation includes long-term amortisation of capitalised development costs and long-term contracts. The key component is amortisation of capitalised development costs, whereby the development costs of each title are released over a 12-month period into the income statement, 65% in the first month, with the remainder split equally over the eleven remaining months. Amortisation is a non-cash accounting entry and is dictated by the timing of releases.

- Amortisation costs of £27.5 million (2018: £20.3 million) include a £2.6 million impairment charge in relation to the ONRUSH asset, which was released in 2018 and the charge was booked in the first half of FY2019. The vast majority of the impairment would have been recognised as an amortisation cost in the second half of FY 2019. The increase in amortisation when compared to 2018 reflects the underlying development costs of the titles released in those years, with an increased level of investment in the current year titles.

- Interest on the unwinding of licensing agreements of £2 million (2018: £1 million) are recorded below operating profit within the income statement but form a recurring cost, which is necessary for the Group to be able to release certain titles. All licensing costs are considered together by the Board of Directors and are included in the adjusted EBITDA calculation.

- Depreciation of £1.4 million (FY 2018: £1.1 million) has been recognised in the year. As part of the Group's capitalisation policy, certain overheads, including depreciation are capitalised where they are directly related to developing the Group's games. In FY 2019 £1.1 million (2018: £0.9 million) was capitalised within capitalised development costs.

- Capitalisation is the measure of development costs incurred that are held as an intangible asset prior to release of the applicable title. Certain long-term licences entered into in the period are also capitalised (and amortised upon release of the title associated with the licence). Both are non-cash measures. Capitalisation of £23.2 million (2018: £23.4 million) is in line year or year. However, investment in the Group's releases have increased in the year, with a greater proportion of costs incurred on post release services, which are not capitalised. Also in 2018 a long-term licence was entered into (which triggered a commitment to developing future titles and to payment to the licensor over a period of time greater than one year), which led to £7.6m being capitalised as an intangible asset.

- Share based payments in the year of £6.7 million (FY 2018: £6.8 million) are a non-cash charge. £5.5 million of the £6.7 million charge relates to the accounting fair value of share options awarded to executive management prior to the IPO of the Company. These items are considered to be a one off associated with the IPO and do not reflect a cash outflow to the business.

Creative sector relief
Creative sector relief recognised in the period of £7.3 million (FY 2018: £6.2m) represents the expected relief receivable for FY 2019 based upon the qualifying costs incurred in the period. The increase in FY 2019 reflects increased investment in the Group's product offering.

Non-recurring items
The £1.5 million non-recurring costs relate to associated costs of the IPO.

Interest payable
Net interest payable of £3.9 million (FY 2018: £9.6 million) includes a charge of £2.2 million (FY 2018: £7.7 million credit) relating to foreign exchange movement on the US Dollar loans held at the start of the period repayable to the Group's former owner Reliance Big Entertainment (Singapore) Pte. Ltd. ("Reliance").

It also includes, £2 million (FY 2018: £1 million) of interest on the unwinding of licensing agreements. Both items are non-cash in nature. Cash interest payable is £15,000 in FY 2019. In 2018 £16.2 million was incurred in relation to either related party or third party loans. The largest component were the related party loans that were released as part of the pre-IPO restructuring.

Profit after tax
At the start of FY2019 the Group had in excess of £120 million of brought forward trading losses. As such, corporation tax charges have been minimal in the year, reflecting the Group's ability to utilise brought forward losses. In 2019 a deferred tax credit of £0.8 million (2018: £2.4 million) was recognised as an estimate of future tax saved from utilising brought forward losses in future periods.

2019 profit after tax was £2.9 million (FY 2018: £0.9m).

Basic earnings per share was 3.0 pence (FY 2018: loss per share 70.1 pence).

Adjusted EPS was 13.3 pence (FY 2018: 8.1 pence). This is a non GAAP measure presented as a meaningful comparison of earnings per share across periods. It is defined as Adjusted net income per share (which is also a non GAAP measure used as a proxy for cash earnings), where the number of shares across each period is the current amount of ordinary shares in issue. Given the significant variance in the number of shares in issue pre and post IPO and the associated impact on weighted average number of shares in issue between the periods, an adjusted measure has been presented. Adjusted net incme is defined as Adjusted EBITDA less cash interest and tax paid.

Statement of financial position and cash flow

Prior to the Company's admission to AIM, it undertook a pre-IPO restructuring, which has impacted the Group's statement of financial position. This included the interest and principal on a number of related party loans being released, the re-designation and cancellation of a number of shares and the reclassification of share premium as distributable reserves.

Further details regarding these transactions are discussed in note 22 to the financial statements.

On IPO 7,500,000 new Ordinary shares of 1p each were issued, which generated £15 million of gross proceeds, allocated between called up share capital (£75,000) and the balance in share premium. IPO costs associated with the issue of the new ordinary shares of £0.2m were recognised directly within share premium.

The grant of options to executive management of the Company pre-IPO led to a total charge of £13.2 million in the period (offset by a £7.8 million release of previous share options that were replaced). The vesting of the options has led to the associated liability being recognised within reserves. The value reflects the fair value of the options grants and not a cash outflow. The residual £1.2 million share-based payments charge relates to new share-based payment schemes issued following the IPO.

In 2019 related party loans of USD 5 million that were repaid (pre-IPO), other third party loans outstanding as at 31 March 2018 of approximately £2.2 million were also settled in 2019. With the exception of a small number of finance leases, totalling less than £0.3m, the Company is now debt free.

There were £9.2 million trade and other receivables at 31 March 2019 (31 March 2018: £3.3 million). The variance year on year is driven by the timing of the DiRT Rally 2.0 release increasing the amount of accrued income from console providers and other customers.

Within trade and other payables there is £6.3 million that is payable in a period greater than one year (2018 £7.9m). One of the agreements outstanding at the end FY 2018 has become due in less than one year in the first half of2019.

As at 31 March 2019, the Company had £18.2 million in net cash (31 March 2018: net debt £112.9m). The movement from a net debt position to holding significant cash reserves reflects the level of borrowings repaid in the period (mostly pre-IPO) and the £15m gross proceeds from new shares issued at IPO.

Rashid Varachia
Chief Financial Officer
9 June 2019

Consolidated income statement for the year ended 31 March 2019

	Note	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
Revenue	1	71,219	63,566
Cost of sales		(8,831)	(9,790)
Gross profit		62,388	53,776
Distribution costs		(10,397)	(10,026)
Administrative expenses:			
- research expenses, amortisation and impairment of intangible assets		(38,172)	(28,922)
- creative sector relief		7,278	6,162
- other administrative expenses		(6,068)	(6,170)
- share-based payments		(6,725)	(6,762)
Total administrative expenses		(43,687)	(35,692)
Operating profit	3	8,304	8,058

Analysed as:			
- operating profit		8,304	8,058
- amortisation and impairment of capitalised development costs and computer software		27,470	20,292
- interest on unwinding of licensing agreements		(2,001)	(1,028)
- depreciation of tangible fixed assets		1,430	1,084
- capitalisation of development costs		(23,231)	(23,435)
- share based payments		6,725	6,762
Adjusted EBITDA		18,697	11,733

Non-recurring items	2	(1,500)	-
Interest receivable and similar income	7	328	24
Interest payable and similar charges	8	(4,230)	(9,564)
Net interest payable		(3,902)	(9,540)
Profit/(loss) on ordinary activities before taxation		2,902	(1,482)
Tax credit on profit on ordinary activities	10	771	2,384
Profit on ordinary activities after taxation		3,673	902
Profit/(loss) attributable to:			
Owners of the parent		3,722	(2,460)
Non-controlling interest		(49)	3,362
Profit for the financial period		3,673	902

		Pence	Pence
Earnings per share			

Basic earnings/(loss) per share	3.0	(70.1)
Diluted earnings/(loss) per share	3.0	(70.1)

Consolidated statement of comprehensive income for the year ended 31 March 2019

	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
Profit for the financial period	3,673	902
Other comprehensive income/(loss):		
Items that will be reclassified subsequently to profit or loss:		
Currency translation of foreign subsidiaries	(28)	1
Total comprehensive income for the period	3,645	903
Total comprehensive income attributable to:		
Owners of the parent	3,694	(2,459)
Non-controlling interests	(49)	3,362
Total comprehensive income	3,645	903

Statement of changes in equity for the year ended 31 March 2019

	Called up share capital £000	Share premium account £000	Merger reserve £000	Other reserve £000	Profit and loss account £000	Currency Translation Reserve £000	Total attributable to owners of the parent £000	Non-controlling Interest £000	Total equity £000
At 1 April 2017	43,687	82,524	8,816	-	(221,619)	(1,087)	(87,679)	(13,496)	(101,175)
Profit/(loss) for the year	-	-	-	-	(2,460)	-	(2,460)	3,362	902
Other comprehensive income:									
Net exchange differences on translation of foreign subsidiaries	-	-	-	-	-	1	1	-	1
Total comprehensive income for the year	-	-	-	-	(2,460)	1	(2,459)	3,362	903
Transactions with owners:							-		-
Issue of 1 Preferred Share	-	-	-		-	-	-	-	-
Total from transactions with owners	-	-	-	-	-	-	-	-	-
At 1 April 2018	43,687	82,524	8,816	-	(224,079)	(1,086)	(90,138)	(10,134)	(100,272)
Profit/(loss) for the year	-	-	-	-	3,722	-	3,722	(49)	3,673
Other comprehensive income:									
Net exchange differences on translation of foreign subsidiaries	-	-	-	-	-	(28)	(28)	-	(28)
Total comprehensive income for the year	-	-	-	-	3,722	(28)	3,694	(49)	3,645
Transactions with owners:									

Pre-IPO transactions									
Cancellation of deferred shares	(8,198)	-	-	-	8,198	-	-		-
Exercise of share based payments	-	-	-	-	13,231	-	13,231	-	13,231
Issue of 150,010,000 Class 1 shares of £0.0001 to acquire non-controlling interests	15,000	-	-	-	(24,680)	-	(9,680)	9,680	-
Capitalisation of £68,522,884.09 of loans into 685,228,840,900 Class 1 ordinary shares of £0.0001	68,523	-	-	-	-	-	68,523	-	68,523
Capitalisation of interest on related party loans released	-	-	-	-	48,538	-	48,538	-	48,538
Pre-IPO capital reduction	(117,687)	(82,524)	-	-	200,211	-	-	-	-
Bonus issue of 21,000 Class 1 Ordinary Shares of £0.00001 each	-	-	-	-	-	-	-	-	-
Issue 7,500,000 ordinary shares of 1p each	75	14,925	-	-	-	-	15,000	-	15,000
Capitalisation of IPO transaction costs	-	(174)	-	-	-	-	(174)	-	(174)
Post IPO transactions									
Charge for equity settled share based payments	-	-	-	1,243	-	-	1,243	-	1,243
Total from transactions with owners	(42,287)	(67,773)	-	1,243	245,498	-	136,681	9,680	146,361
At 31 March 2019	1,400	14,751	8,816	1,243	25,141	(1,114)	50,237	(503)	49,734

Consolidated statement of financial position as at 31 March 2019

	Note	31 Mar 2019	31 Mar 2018
		£000	£000
Non-current assets			
Intangible assets	11	29,619	36,457
Tangible assets	12	9,078	8,520
Deferred tax asset		3,247	2,409
		41,944	47,386
Current assets			
Inventories	14	351	182
Trade and other receivables	15	9,206	3,302
Creative sector tax credit receivable		7,082	2,947
Cash at bank and in hand	16	18,436	9,136
		35,075	15,567
Total assets		77,019	62,953
Non-current liabilities			
Loans and borrowings	19	(100)	(202)
Trade and other payables	18	(6,228)	(7,912)
		(6,328)	(8,114)
Current liabilities			
Loans and borrowings	19	(173)	(121,819)
Trade and other payables	17	(19,339)	(21,081)
Share-based payments accrual		-	(8,820)
Provisions for liabilities	21	(1,445)	(3,391)
		(20,957)	(155,111)
Total liabilities		(27,285)	(163,225)
Net assets/(liabilities)		49,734	(100,272)
Capital and reserves			
Called up share capital	22	1,400	43,687
Share premium account		14,751	82,524
Merger reserve		8,816	8,816
Other reserve		1,243	-
Profit and loss account		25,141	(224,079)
Currency translation reserve		(1,114)	(1,086)
Total shareholders' surplus/(deficit) attributable to owners of the parent		50,237	(90,138)
Non-controlling interest		(503)	(10,134)
Capital employed		49,734	(100,272)

Consolidated cash flow statement for the year ended 31 March 2019

	Note	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
Cash flows from operating activities			
Profit/(loss) for the financial year before taxation		2,902	(1,482)
Adjustments for:			
Amortisation of intangible fixed assets		27,645	23,048
Impairment of intangible fixed assets		2,600	0
Depreciation of tangible fixed assets		384	139
Profit on sale of tangible fixed assets		(8)	-
Creative sector relief recognised		(7,278)	(6,162)
Share based payments		6,725	6,762
Interest receivable	7	(328)	(24)
Interest charged	8	2,046	17,253
Exchange movement on borrowings	8	2,184	(7,689)
Exchange losses		70	936
Amounts representing net changes in working capital:			
(Increase)/decrease in trade and other receivables		(5,966)	(545)
(Increase)/decrease in inventories		(169)	(31)
Increase/(decrease) in trade and other payables		(7,643)	(354)
Increase/(decrease) in provisions		(1,945)	984
Cash from operations		21,219	32,835
Creative sector relief received		3,206	8,845
Income taxes paid		(67)	-
Net cash generated from operating activities		24,358	41,680
Cash flow from Investing activities			
Proceeds from sale of tangible fixed assets		8	-
Interest received		49	24
Payments to acquire tangible fixed assets		(2,010)	(2,004)
Payments to acquire or develop intangible fixed assets		(22,338)	(22,829)
Net cash used in investing activities		(24,291)	(24,809)
Cash flow from financing activities			
Proceeds from borrowings		92	1,723
Loan repayments		(5,816)	(10,237)
Interest paid		(15)	(380)
Proceeds from issue of share capital		15,000	-
Net cash generated from/(used in) financing activities		9,261	(8,894)
Net increase in cash and cash equivalents		9,328	7,977
Cash and cash equivalents at the beginning of the period		9,136	1,162
Exchange loss on cash and cash equivalents		(28)	(3)

Cash and cash equivalents at the end of the period		18,436	9,136
Cash and cash equivalents consist of:			
Cash at bank and in hand	16	8,386	9,136
Short term deposits	16	10,050	-
Cash and cash equivalents at the end of the period		18,436	9,136

Notes to the Consolidated Financial Statements

1 Group revenue

Revenue is attributable to the principal continuing activity of the Group, being the sale of internally developed video games. An analysis of revenue by geographical market of destination is shown below:

	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
United Kingdom	8,993	12,146
Rest of Europe	36,403	36,021
United States	10,290	9,850
Australia	1,843	2,091
Rest of the World	13,690	3,458
	71,219	63,566

An analysis of Revenue by income stream is shown below:

	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
Boxed revenue	**29,069**	**37,324**
Digital downloads	23,627	25,540
Digital revenue associated with subscription services	7,098	307
Total digital revenue	**30,725**	**25,847**
Other revenue streams		
Sale of product via other contracts with customers	5,616	322
Provision of product and training to third parties	5,642	-
Other revenue	167	73
Total other revenue streams	**11,425**	**395**
	71,219	**63,566**

Included in the above figures are 29.2% (2018: 26.5%) of sales concentrated across two customers in the year ended 31 March 2019 where revenue per individual customer was greater than 10% of total sales.

For some specific contracts, the performance obligations of meeting these are recognised over time. The split of revenue recognised at a point in time is shown below:

	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
Recognition of revenue:		
Upon delivery of product/service	69,438	63,566
Over a period of time	1,781	-
	71,219	63,566

The revenue recognised over a period of time in 2019 relates to two separate contracts (2018: nil). Where the contractual revenue assigned against with the performance obligations of delivering those contracts is recognised using an input method, whereby revenue is apportioned based upon the proportion of development costs incurred at the period end of the total expected costs to satisfy the applicable performance obligations of those contracts during the reporting

Where the Group has entered into contracts with customers and has received monies in advance of satisfying the performance obligations of those contracts, such monies are recognised as a deferred income liability. The deferred income liability as at 31 March 2019 is as follows:

	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
Opening deferred income liability - 1 April	(3,569)	-
Revenue recognised in the period	3,569	-
Additional contract liablities incurred	(2,256)	(3,569)
Deferred income liability 31 March - revenue recognised in future periods	(2,256)	(3,569)

Where the Group has entered into contracts that are unsatisfied or partially satisfied, the following aggregated amounts of transaction prices will be recognised in a future period:

	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
Recognised within:		
Less than 1 year	5,062	3,569
Greater than 1 year but less than 2 years	621	-
Future revenue to be recognised from contracts with customers	5,683	3,569

2 Non-recurring costs

	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
Professional and other IPO fees	1,500	-
	1,500	**-**

Non-recurring items in the period relate to the costs of admission to AIM.

3 Operating profit

	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
Operating lease rentals	458	577
Inventories recognised as an expense	7,253	8,724
Depreciation of owned fixed assets	384	139
Amortisation and impairment of intangible fixed assets	30,246	23,048
Research and development expenses not capitalised	7,926	8,022
Net foreign exchange (gain)/loss	70	936

Included within the Net foreign exchange loss in 2019 includes a £251,000 credit in relation to the fair value estimate of the Group's open forward foreign currency contracts. The Group has 22 open contracts, 11 contracts to sell Euros and 11 contracts to sell US Dollars at fixed dates in the financial year ended 31 March 2020.

Each of these contracts are to sell between €1 million and €1.5 million or between $1.5 million and $2 million and buy Sterling at fixed exchange rates. The £251,000 credit represents the net fair value mark to market loss on all of the contracts as at 31 March 2019.

4 Directors Emoluments

	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
Aggregate emoluments	1,595	811
Pension contributions	56	46
	1,651	857

During the financial year the Group contributed to two directors' personal pension plans (2018: two).

The emoluments, excluding pension costs, of the highest paid director were £955,000 (2018: £539,000). The pension contributions paid by the Group for the highest paid director amounted to £33,000 (2018: £30,000).

In May 2018, two Directors were granted, and exercised equity-settled share options, prior to the IPO of the Company. These equity-settled share options replaced cash-settled share options that were granted to them in March 2017. Following the Company's IPO four Directors (including two Non-Executive Directors) were granted further equity-settled share based payments as part of the LTIP, ESOP & NED schemes. Further details regarding these schemes are detailed in note 5.

In addition to the above costs a total of £5,755,821 (2018: £4,598,160) has been recognised in the income statement in respect of equity-settled share based payments relating to four directors (which include two Non-Executive Directors).

5 Share based payments

Cash-settled share based payments – pre-IPO scheme

In March 2017 certain senior executives were awarded cash-settled share based incentive schemes linked to various financial measures of the Group's performance. The scheme was accounted for as cash based share based payments in the financial statements for the year ended 31 March 2018. The total amount accrued at 31 March 2018 was £7,750,000 plus employers NIC of £1,069,500.

A new scheme was introduced on 18 May 2018 with the old scheme replaced.

The new scheme provided four senior executives with a call option to purchase a fixed number of preferred shares for £0.1339 per share at the time from the major shareholder Reliance Big Entertainment (Singapore) Pte. Ltd. A total of 12,587,500 options were granted (representing 9.5% of issued share capital at the time). The options vested immediately so could be exercised at any time up to the end of the option period, which was 31 December 2022.

As the options vested immediately and were exercised immediately, the options had no effective life; the options were also over shares not publically traded at the time. As such, it was not appropriate to use the Black Scholes method of valuation.

Valuation of the share options has been carried out using the best available market value for the shares at that time. Three days before the new scheme was granted a small number shares were sold by a minority shareholder to Reliance. Using the price paid for these shares, a third party valuation of the Group commissioned by the Directors indicated that the value of the Group was £156.5 million.

A share transaction on 15 May 2018 was completed at a premium when compared to underlying market value at that time. An 11% discount has been applied to £156.5 million giving a valuation of £139.3 million. As the share options represented 9.5% of the Group at the time, a fair value of £13.2 million has been attributed to the options.

This amount has been charged to the income statement in the year ended 31 March 2019 (offset by the £7.75 million accrual release associated with the cancelled cash settled share options).

Equity-settled share based payments – post-IPO schemes

As part of Codemasters Group Holdings plc admission to AIM on 1 June 2018, three equity-settled share option plans were created:

- ESOP scheme for all permanent employees
- NED scheme for Non-Executive Directors
- LTIP scheme for Executive Management team

The ESOP scheme is available to all employees (subject to certain criteria). On 1 June 2018 there were 421 employees who received a grant of options within this scheme. 1,431,308 options were granted with an exercise price of £2.00 per share. The options vest one third on the first anniversary of the date of grant, and then monthly thereafter to be fully vested after 3 years from the date of grant. If an employee leaves the company the options cease to vest at the date the company receives their resignation. The employee can then exercise any vested options up to 6 months after leaving the company.

The NED scheme has provided share options under the same terms as the ESOP scheme and the same fair value of the options would be applied as to the ESOP scheme. Share options under the NED scheme have been made available to two of the Group's Non-Executive Directors.

The executive management team each received options under the LTIP scheme to the total of 1% of issued share capital (1,400,000 options granted). The LTIP scheme has both market and non-market conditions for vesting and therefore has been valued separately to the ESOP and NED schemes. The market and non-market conditions relate to the Company's share price growth and the Group's Adjusted EBITDA growth respectively.

The exercise price for the LTIP scheme is £0.01 per share. No shares vest until at least three years after grant. The market and non-market conditions apply to 50% of the options each therefore have been considered separately.

Further share options were granted on 27 November 2018, these were grants made from the ESOP scheme to a further 55 employees who received 94,821 share options in total. These share options were granted to employees who had not been employed long enough to qualify at 1 June 2018 due to length of service conditions.

5 Share based payments (continued)

Share options and exercise prices as follows for the current financial year:

	Equity settled pre- IPO		LTIP		NED		ESOP	
	Number of shares	Exercise price per share £	Number of shares	Exercise price per share £	Number of shares	Exercise price per share £	Number of shares	Exercise price per share £
Options granted 18 May 2018	1,258,750	0.1339	-	-	-	-	-	-
Options granted 1 June 2018	-	-	1,400,000	0.01	560,000	2.00	1,431,308	2.00
Further options granted 27 November 2018	-	-	-		-	1.795	94,821	1.80
Options forfeited	-	-	(210,000)	0.01	-	-	(272,494)	2.00
Options exercised (18 May 2018)	(1,258,750)	0.1339	-	-	-	-	-	-
Options outstanding at 31 March 2019	**-**	**-**	**1,190,000**	**-**	**560,000**	**-**	**1,253,635**	**-**
Options exercisable at 31 March 2019	**-**	**-**	**-**	**-**	**-**	**-**	**4,868**	**-**

The fair value of all of options granted was determined using a Black Scholes calculation method. The following inputs have been used in carrying out the valuation of the outstanding options:

	Cash settled -pre-IPO 30 March 2017	Cash settled -pre-IPO 18 May 2018	LTIP 1 June 2018	NED 1 June 2018	ESOP 1 June 2018	ESOP 27 November 2018
Share price at Issue date £	N/A	N/A	2.65	2.34	2.34	1.81
Exercise price of option £	0.01	0.1339	0.01	2.00	2.00	1.80
Effective option term	4 years	1 day	10 years	6 years	6 years	6 years
Risk-Free Interest Rate	1.00%	1.03%	1.28%	1.03%	1.03%	0.93%
Volatility	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%
Probability of market condition being met	N/A	N/A	50.00%	N/A	N/A	N/A
Weighted average remaining contractual life	N/A	N/A	9.2 years	5.2 years	5.2 years	5.7 years
Fair value per option £	**1.32**	**1.04**	**2.64**	**1.04**	**1.04**	**0.71**

The Group have considered the volatility of comparable quoted companies as a guide for the volatility assumptions in the valuation of the incentive schemes.

6 Staff costs

	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
Wages and salaries	23,278	19,654
Share based payments	6,725	5,942
Social security costs	2,187	2,813
Pension costs	858	801
Death in service and incapacity	90	111
	33,138	29,321

Staff costs include £15.8 million (2018: £15.2 million) of costs in respect of employees whose value of time is capitalised within the development costs of games (Note 11).

Share based payments expenses are shown less £nil (2018: £820,000) of estimated social security costs, which are included within those expenses accordingly

The average monthly number of employees during the year was as follows:

	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
Management and administration	88	88
Development	416	377
	504	465

7 Interest receivable

	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
Bank interest	50	24
Interest and principal on loan released following settlement agreement	278	-
	328	24

A commercial agreement with Malta Enterprise was reached in August 2018 for full and final settlement in relation to an outstanding facility payable by Codemasters (Malta) Limited. This left a residual balance of €322,000 (or £278,000) in respect of the book value of loan principal and interest, which was released to the income statement.

8 Interest payable

	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
Bank interest and similar charges	17	(5)
Interest payable and similar charges on other loans	28	16,155
interest on unwinding of minimum licensing agreements	2,001	1,028
Other finance related expenses	-	75
Foreign exchange (gains)/loss on borrowings	2,184	(7,689)
	4,230	9,564

9 Auditors remuneration

	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
Fees payable to the Company's auditor for the audit of group financial statements	95	65
Fees payable to the Company's auditor for other services:		
Audit related assurance services	10	-
Services related to corporate finance transactions	662	-
Other non-audit services not covered above	119	78
	886	143

10 Tax on profit on ordinary activities

a) Tax on profit on ordinary activities

	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
Current tax		
UK corporation tax	(67)	(25)
Total current tax charge	(67)	(25)
Deferred tax		
UK corporation tax	838	2,409
Total deferred tax	838	2,409
Tax credit on profit on ordinary activities	771	2,384

10 Tax on profit on ordinary activities (continued)

b) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the period differs from the standard rate of corporation tax in the UK of 19% (2018 19%).

The differences are reconciled below:

	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
Profit/(loss) on ordinary activities before taxation	2,902	(1,482)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax of 19%	551	(282)
Effect of:		
Disallowed expenses	2,401	3,587
Deferred tax recognised	(838)	(2,409)
Non-Taxable Income	(1,950)	(1,305)
Capital allowances less/(more) than depreciation	(199)	(198)
Tax losses carried forward	-	168
Creative sector tax relief	(9)	(70)
Brought forward losses used	(794)	(1,875)
Prior year corporation tax paid	67	-
Total tax charge/ (credit)	(771)	(2,384)

The Government has indicated that it intends to reduce the main rate of UK corporation tax in stages from the current 19% applicable on profits for financial year beginning 1 April 2018 to 17% on profits for financial years beginning 1 April 2020. The future annual corporation tax rate reduction is expected to affect the Group's financial statements. The actual impact will depend on the Group's tax position at that time.

As deferred tax assets and liabilities are measured at the rates that are expected to apply in the periods of the reversal, the amount of the potential recognised deferred tax asset at 31 March 2019 is computed at the rate of 19% for the period ending 31 March 2020 and 17% for the period ending 31 March 2021, reflecting the fact that losses are expected to be utilised prior to 31 March 2021 and using the applicable corporation tax rate for those periods. The unrecognised deferred tax asset is computed at a rate of 17% reflecting the fact that the balances are proposed to be utilised post 1 April 2020.

c) Deferred tax

The Group has recognised deferred tax assets in relation to tax losses that are expected to be utilised in the subsequent two financial years. Due to changes in UK tax legislation introduced from 1 April 2017, these losses are limited to the first £5 million of taxable profits and 50% of any additional profits. There is now a reasonable expectation that tax will need to be paid in future periods. As at 31 March 2019 the Group has recognised a deferred tax asset of £3.2 million (31 March 2018: £2.4 million) in respect of expected tax losses that the Group expect to utilise in the subsequent two financial years.

The Group has not recognised deferred tax assets in relation to accelerated capital allowances, other timing differences and any additional tax losses that are not estimated to be utilised over the subsequent two financial years.

As at 31 March 2019 and the prior period any deferred tax asset not shown on the face of the statement of financial position is unrecognised.

The Group has £20.7 million of deferred tax assets unrecognised at the year-end (2018: £20.7 million).

11 Intangible fixed assets

	Development Costs £000	Licences Patents & Trade Marks £000	Computer Software £000	Total £000
Cost				
At 1 April 2017	58,610	11,344	305	70,259
Additions	23,435	7,651	338	31,424
Disposals	(16,600)	-	(9)	(16,609)
At 31 March 2018	65,445	18,995	634	85,074
Additions	23,231	-	177	23,408
Disposals	(5,533)	-	-	(5,533)
At 31 March 2019	**83,143**	**18,995**	**811**	**102,949**
Accumulated amortisation				
At 1 April 2017	36,609	5,461	108	42,178
Amortisation	20,016	2,756	276	23,048
Disposals	(16,600)	-	(9)	(16,609)
At 31 March 2018	40,025	8,217	375	48,617
Amortisation	24,696	2,776	174	27,646
Impairment	2,600	-	-	2,600
Disposals	(5,533)	-	-	(5,533)
At 31 March 2019	**61,788**	**10,993**	**549**	**73,330**
Net book amount				
At 31 March 2019	**21,355**	**8,002**	**262**	**29,619**
At 31 March 2018	25,420	10,778	259	36,457

As at 31 March 2019, included within development costs are £17.3 million of costs incurred on products yet to be released (2018, £23.7 million).

The carrying values of all intangible assets are reviewed at the end of each reporting period against the expected future revenues from that title. Following the release of ONRUSH in June 2018, its trading performance and the future trading expectations of the title led to an impairment review for that asset. In September 2018, the residual carrying amount of the capitalised development costs associated with ONRUSH were compared to the future cash generation of that title. Following that review a £2.6m impairment of the ONRUSH asset was recognised. As the title was released in June 2018, the vast majority of the asset would have been amortised throughout FY19, with the impairment charge recognised in the first half of FY19.

12 Tangible fixed assets

	Freehold land & buildings £000	Leasehold improvements £000	Motor vehicles £000	Fixtures, fittings & computer equipment £000	Total £000
Cost or valuation					
At 1 April 2017	9,144	363	12	14,500	24,019
Exchange translation adjustment	-	-	-	21	21
Additions	-	-	-	2,004	2,004
Disposals	(1,457)	-	(12)	(7,003)	(8,472)
At 31 March 2018	7,687	363	-	9,522	17,572
Exchange translation adjustment	-	-	-	25	25
Additions	-	-	-	1,997	1,997
Disposals	-	-	-	(697)	(697)
At 31 March 2019	**7,687**	**363**	**-**	**10,847**	**18,897**
Accumulated depreciation					
At 1 April 2017	3,308	105	12	12,998	16,423
Exchange translation adjustment	-	-	-	17	17
Charge for year	148	7	-	929	1,084
Disposals	(1,457)	-	(12)	(7,003)	(8,472)
At 31 March 2018	1,999	112	-	6,941	9,052
Exchange translation adjustment	-	-	-	34	34
Charge for year	148	8	-	1,274	1,430
Disposals	-	-	-	(697)	(697)
At 31 March 2018	**2,147**	**120**	**-**	**7,552**	**9,819**
Net book amount					
At 31 March 2019	**5,540**	**243**	**-**	**3,295**	**9,078**
At 31 March 2018	5,688	251	-	2,581	8,520

Included in freehold land and buildings is land with a carrying amount of £150,000 (2018: £150,000) that is not depreciated.

Included within Fixtures, fittings & computers equipment are assets with a net book value of £320,000 (2018: £394,000), which have been funded via finance leases.

£1,068,000 of the depreciation charge for the year has been capitalised within the capitalised development cost intangible asset (2018: 945,000).

13 Investments

Details of the Group's investments in which the Company held 20 percent or more of the nominal value of shares as at 31 March 2019, were as follows:

Name of Company	Class of share held	Held by the Company	Held by the Group	Nature of Business
Codemasters Holdings Limited	Ordinary	100%	100%	Intermediate holding company
Codemasters Group Limited	Ordinary	-	100%	Intermediate holding company
The Codemasters Software Company Limited	Ordinary	100%	100%	Development, marketing & Distribution of video games
Codemasters Development Company Limited	Ordinary	-	100%	Development of video games
Codemasters (Malta) Limited	Ordinary	-	100%	Dormant
Codemasters Studios Sdn Bhd	Ordinary	70%	70%	Development of video games
Codemasters Limited	Ordinary	-	100%	Dormant
Digital Computers Limited	Ordinary	-	100%	Dormant - in Members' Voluntary Liquidation
Sensible Limited	Ordinary	-	100%	Dormant - in Members' Voluntary Liquidation
CSC1 Limited	Ordinary	-	100%	Dormant - in Members' Voluntary Liquidation
CSC3 Limited	Ordinary	-	100%	Dormant - in Members' Voluntary Liquidation

Please note that the above is reflective of the following that took place in the year ended 31 March 2019:

- Codemasters Group Holdings acquired 16.65% of the shares in the Codemasters Software Company Limited ('CSCL') from Reliance Big Entertainment (Singapore) Limited on 16 May 2018. It also acquired 83.35% of the shares in CSCL from Digital Computers Limited (a wholly owned subsidiary of Codemasters Group Limited on 16 May 2018. Prior to that the Company held 83.35% of CSCL shares indirectly and also 83.35% of the shares in Codemasters Development Company ('CDCL').
- Codemasters Group Holdings acquired 16.67% of the shares in the Codemasters Studios Sdn Bhd ('CSSB') from Reliance Big Entertainment (Singapore) Limited on 16 May 2018. It also acquired 53.33% of the shares of CSSB from Codemasters Group Limited. Prior to that the Company held 53.33% of CSSB shares indirectly.
- Four dormant subsidiaries of the Group, Digital Computers Limited (a wholly owned subsidiary of Codemasters Group Limited) and Sensible Limited, CSC1 Limited and CSC3 Limited (all wholly owned subsidiaries of CSCL) were placed into Members Voluntary Liquidation on 16 January 2019.

Codemasters Holdings Limited is directly owned by the parent company and has been directly owned throughout the current and prior reporting periods. With the exception of the points noted above, all other interests were held indirectly as at 31 March 2019 and 31 March 2018. All of above entities are consolidated into the consolidated financial statements.

Codemasters (Malta) Limited is incorporated in Malta, its principal business address is 7A Sir Luigi Camilleri Street, Sliema, SLM 1843, Malta.

Codemasters Studios Sdn Bhd is incorporated in Malaysia, its principal business address is No.91-3 Jalan Metro Perdana Barat 1, Taman Usahawan Kepong, Off Jalan Kepong, Kepong, 52100 Kuala Lumpur, Malaysia.

All of the other entities above are incorporated in England and Wales and have a principal business address of Codemasters Campus, Stoneythorpe, Southam, Warwickshire, CV47 2DL.

14 Inventories

	Year ended 31 Mar 2019 £000	Year ended 31 Mar 2018 £000
Finished Goods	351	182

15 Trade & other receivables

	31 Mar 2019 £000	31 Mar 2018 £000
Trade Receivables due within one year:		
Neither past due nor impaired	1,912	77
Past due: 0-30 days	99	1,118
Past due: 31-60 days	217	1
Past due: 61-90 days	-	370
Past due: More than 91 days	-	-
Trade receivables past due and impaired	102	95
Less provision for expected credit loss	(102)	(95)
Trade receivables net	**2,228**	**1,566**
Amounts due from related undertaking	1	1
Other receivables	82	256
Fair value of forward foreign exchange contracts	252	-
Other taxation	13	189
Prepayments	719	436
Accrued income	5,911	854
	9,206	**3,302**

Trade receivables and accrued income are all current and any fair value difference is not material. Trade and other receivables are considered past due once they have passed their contracted due date. Trade receivables are reviewed for impairment on a customer by customer basis.

Of the net trade receivables balance 88% was concentrated across three customers (each with 5% or more), (2018: 91% across one customer).

Accrued income relates to uninvoiced digital sales made to digital sellers (typically Sony, Microsoft and Steam), which are invoiced shortly after the period end following third party confirmation of the revenue to be recognised. There have been no historic credit losses associated with these balances, no provision for expected credit losses are required.

15 Trade & other receivables (continued)

Credit Loss Allowance

Management has reviewed each of the trade and other receivables on a customer by customer basis and using a credit risk matrix has assessed the level of potential credit loss that the Group is exposed to. The majority of the Group's customers are the leading platform in the video games industry and other blue-chip organisations, which are not considered to be a credit risk. In addition, the trading history with these businesses also assists in enabling Management to assign minimal risk to these customers. The Group also takes steps to minimise its exposure to credit risk and hence following the assessment on a customer by customer basis there is only one that has been included in the credit loss allowance in the current and prior year. The loss allowance and the movement from prior reporting periods are shown below narrative to add regarding how it has been analysed and why there is no further exposure:

	2019	2018
	£000	£000
At 1 April	95	23
Increase in exposure	7	95
Receivables written off as not-collectable	-	(23)
At 31 March	**102**	**95**

16 Cash

	31 Mar 2019	31 Mar 2018
	£000	£000
Cash and cash equivalents		
Cash at bank and in hand	8,386	9,136
Short term deposits	10,050	-
	18,436	**9,136**

The following amounts were held in foreign currencies:

	31 Mar 2019	31 Mar 2018
	£000	£000
Euros	339	286
United States Dollars	1,790	2,475
	2,129	2,761
Other currencies:		
Malaysian Ringitts	13	15
	2,142	**2,776**

17 Trade & other payables: amounts falling due in less than one year

	31 Mar 2019 £000	31 Mar 2018 £000
Trade payables	4,117	2,628
Other taxation and social security	431	555
Other payables	5,089	7,077
Accruals	7,163	7,215
Deferred income	2,539	3,580
Corporation tax creditor	-	26
	19,339	**21,081**

Trade payables are all current and any fair value difference is not material.

Included within other payables are advances from the Group's distribution partner Koch of £0.9 million (31 March 2018, £3.5 million). The advances are received from Koch to provide working capital for games in development, they are received in agreed amounts dependent upon milestone deliverables of titles in development by the Group. The balances are repayable out of revenues from the titles following release. In the event that revenues from a particular title are insufficient to settle the advance within 12 months of the release, the Group is liable to settle any shortfall. The net payable to distributors takes into account advances and all other receivables/payables, which will include revenue collected by distributors not yet received by the Group.

The deferred income balance in respect of £2.5 million (31 March 2018: £3.6 million) relates to separate contracts with a small number of third parties. These amounts represent monies received in advance of performance obligations being met in respect of these contracts.

Loans borrowings falling due in less than one year:

	31 Mar 2019 £000	31 Mar 2018 £000
Other loans	-	121,669
Finance Leases	173	150
Total (note 19)	**173**	**121,819**

18 Trade & other payables: amounts falling due after more than one year

	31 Mar 2019 £000	31 Mar 2018 £000
Trade and other payables	6,228	7,912
Finance leases	100	202
	6,328	**8,114**

19 Loans & borrowings

The loans and borrowings payable by the Group are summarised as follows:

	31 Mar 2019 £000	31 Mar 2018 £000
Amounts due to related party	-	119,397
Export Import Bank of India	-	1,115
Malta Enterprise Loan	-	1,157
Finance leases	273	352
	273	**122,021**

The maturity profile of loans as at 31 March was as follows:

	31 Mar 2019 £000	31 Mar 2018 £000
Amounts falling due within one year	173	121,819
Amounts falling due within one to two years	87	202
Amounts falling due within two to three years	13	-
	273	**122,021**

The main facilities outstanding in the above periods are summarised as follows:

Amounts due to related party – being the principal and interest owed to Reliance. These relate to various loans provided in Sterling and United States Dollars to the Group at a fixed rate of interest of between 10% and 17%. The repayment period for the loans is within one year of being issued. In May 2018 $5m of the loans were repaid. As part of the pre-IPO restructuring in May 2018 any rolled up interest remaining on the loan was released to profit and loss reserves. The remaining outstanding principal balance of £68.5 million was converted into equity, through issue of Class 1 Ordinary Shares of £0.0001.

Export-Import Bank of India ('**EXIM**') – On 13 July 2012, a loan facility of $25 million was provided by EXIM. This loan is secured against a fixed and floating charge over all UK Group company assets. Interest accrued at 6% above LIBOR, plus mandatory costs. Repayments commenced 18 July 2014, with the final repayment made in April 2018. Reliance acted as Corporate Guarantor on behalf of the Group for this facility.

Malta Enterprise Loan – A facility of €3.5 million was provided in March 2014, with total drawdowns of approximately €2 million. Interest has been charged on the outstanding balance since 1 January 2016. Repayments of between $25,000 to $75,000 per month were made since October 2016. A commercial agreement with Malta Enterprise was reached in August 2018, whereby a final settlement of €755,000 was paid. The final settlement left a residual balance of $322,000 of loan principal and interest, which was released to the income statement and included within interest receivable and similar charges. The facility was secured against the shares of Codemasters (Malta) Limited.

20 Finance leases

	31 Mar 2019 £000	31 Mar 2018 £000
Minimum lease payments due:		
Within one year	187	163
In one to two years	110	217
In greater than five years	-	-
	297	**380**
Less finance charges allocated to future periods	(24)	(28)
Present value of minimum lease payments	**273**	**352**

21 Provisions

	Provision for future credits & price protection £000
As at 31 March 2017	**2,407**
Charge in the year	11,372
Released in the year	(250)
Utilised in the year	(10,138)
As at 31 March 2018	**3,391**
Charge in the year	5,016
Released in the year	(2,278)
Utilised in the year	(4,684)
As at 31 March 2019	**1,445**

Provisions for future returns and price protection represents the Directors' best estimate of the likely future costs of the present obligations arising for credits and to give price protection to customers and returns. It is anticipated that the majority of provisions will be utilised within 12 months of the period end date. Amounts utilised in the period include credits applied to outstanding trade receivables.

22 Called up share capital

At period end date the composition of Codemasters Group Holdings plc share capital was:

	31 Mar 2019	Voting Rights	31 Mar 2018	Voting Rights
	£000	%	£000	%
Allotted and fully paid				
140,000,000 Ordinary shares of £0.01	1,400	100	-	-
21,045,108,982 Class 1 ordinary shares of £0.0001 each	-	-	2,104	100
171,321,727 Class 2B ordinary shares of £0.0001 each	-	-	17	-
1,466,513,690 Class 2C ordinary shares of £0.00000001 each	-	-	-	-
33,366,891 Preferred shares of £1 each	-	-	33,367	-
819,839,142,440,000 deferred shares of £0.00000001 each	-	-	8,199	-
	1,400	100	43,687	100

The Companies Act 2006 does not require a company to have an authorised share capital, furthermore the Company's articles of association do not contain a provision expressly limiting the number of shares that can be issued by the Company.

The rights and obligations attached to the share capital of the Company set out in the articles of association are summarised below.

Ordinary shares – following the pre-IPO group restructuring in May 2018 is only one class of share capital. All of the issued share capital of the Company are ordinary shares of 1 pence each. All shares have equal rights in terms of voting, transferability and distribution of capital

Prior to the pre-IPO group restructuring the following classes of share capital were held by the Company:

i) Class 1 ordinary shares

- Class 1 ordinary shareholders are entitled to receive notice of, attend, speak and vote at General Meetings of the Company.
- The shares are not redeemable.
- All ordinary shares (i.e. Class 1, Class 2B and Class 2C) rank after all preferred shares but pari passu with other classes of ordinary shares in relation to dividends and distribution of capital (including on a winding up) as if the same together constituted one class.

ii) Class 2B ordinary shares

- Class 2B ordinary shareholders are not entitled to receive notice of, attend, speak or vote at General Meetings of the Company.
- The shares are not redeemable.
- All ordinary shares (i.e. Class 1, Class 2B and Class 2C) rank after all preferred shares but pari passu with other classes of ordinary shares in relation to dividends and distribution of capital (including on a winding up) as if the same together constituted one class.

22 Called up share capital (continued)

iii) Class 2C ordinary shares

- Class 2C ordinary shareholders are not entitled to receive notice of, attend, speak or vote at General Meetings of the Company.
- The shares may be reclassified as deferred shares at any time at the discretion of the Company.
- The shares are not redeemable.
- All ordinary shares (i.e. Class 1, Class 2B and Class 2C) rank after all preferred shares but pari passu with other classes of ordinary shares in relation to dividends and distribution of capital (including on a winding up) as if the same together constituted one class.

iv) Preferred shares

- Preferred Shares rank in priority of all other shares of the Company in respect of distributions of dividend and capital (including on a winding up) and are not redeemable, the 10% annual cumulative preferred yield will only become payable on a liquidation, reduction of capital, sale or asset sale.

v) Deferred shares

- The deferred shareholders have no entitlement to receive notice of, attend, speak or vote at General Meetings of the Company.
- The deferred shares are not entitled to any participation in the profits or the assets of the Company.
- All deferred shares from time to time in issue may be redeemed by the Company at any time at the discretion of the Board for £1.00 in aggregate without obtaining the sanction of the holder or holders.

Pre-admission group restructuring

As referred to above, the Group undertook a reorganisation and debt restructuring prior to converting to a public limited company and being admitted to AIM.

This series of transactions were all planned together as one single transaction and as such the directors have accounted for them as if they were a single transaction. The purpose of these transactions was to bring all of the shareholdings of Reliance in the Group into the Company, recapitalise the Company and simplify the capital structure. This was achieved through the following steps

The restructuring took place between 8 May 2018 and 21 May 2018, in a series of steps whereby, inter alia:

- the 819,839,142,440,000 Deferred Shares of £0.00000001 each in the Company were cancelled and extinguished, which was reflected by a reduction in share capital of £8.2 million and a corresponding increase in profit and loss reserves;
- Reliance transferred 23,333 ordinary shares in Codemasters Studios Sdn Bhd to the Company in consideration for the allotment and issue of 10,000 Class 1 Ordinary Shares of £0.0001 each in the Company to Reliance;
- Reliance transferred 333 ordinary shares in The Codemasters Software Company Limited to the Company in consideration for the allotment and issue of 150,000,000,000 Class 1 Ordinary Shares of £0.0001 each in the Company to Reliance. The impact of this and the above transaction was to increase share capital of the Company by £15 million, and reduce non-controlling interest by £9.5 million, with the balance recognised as a reduction to profit and loss reserves;
- Aggregate initial principal loans due from the Group to Reliance of £68,522,884.09 were converted to equity through the issue of 685,228,840,900 Class 1 Ordinary Shares of £0.0001 each in the Company to Reliance and all of the accrued interest on the loans was waived by Reliance, as a result of which the aggregate amount of the loans plus accrued interest subsequently payable by the Group to Reliance was reduced to US$5,000,000. The release of the accrued interest reduced the loan payable with a corresponding increase in profit and loss reserves;

22 Called up share capital (continued)

Pre-admission group restructuring (continued)

- The share capital was reduced through the cancellation of 794,499,302,609 Class 1 Ordinary Shares of £0.0001 each, 1,466,513,690 Class 2C Ordinary Shares of £0.00000001 each and 26,311,491 Preferred Shares of £1.00 each, and through the reduction of the nominal value of each class of shares to one tenth of their prior value and the cancellation of all except £0.21 of the share premium. The reduction in share capital led to a corresponding increase of £117.8 million in profit and loss reserve.
- The Preferred shares were subdivided and re-designated into Class 1 Ordinary Shares of £0.00001 each and all Class 2B Shares of £0.00001 each were re-designated as Class 1 Ordinary Shares of £0.00001 each;
- There was a bonus issue of 21,000 Class 1 Ordinary Shares of £0.0001 each in the Company; and
- All of the Class 1 Ordinary Shares of £0.0001 each in the Company in issue as a result of the above steps were consolidated and subsequently re-designated as Ordinary Shares of 1 pence each in the Company.

As a result of the above steps, at 21 May 2018, the issued share capital of the Company was £1,325,000, comprising of 132,500,000 Ordinary Shares of £0.01 each.

Conversion to plc

On 22 May 2018, the Company converted to a public limited company and changed its name from Codemasters Group Holdings Limited to Codemasters Group Holdings plc.

Executive Share Option Plan (ExSOP): Issue of Shares under The Codemasters Employees' Share Trust

On 17 April 2007 an offshore Employees Share Trust was created called The Codemasters Employees' Trust, the parties to the Trust being Codemasters Group Limited and EES Trustees International Limited.

The Trust provides a discretionary settlement for the benefit of employees and former employees of the Company, and of any other company which is from time to time a subsidiary of the Company.

The Trust has been funded by a Loan Facility Agreement between Codemasters Group Limited and the Trustee. Loans totalling £2,218,569 were provided to the Trust in 2007. This has enabled the Trustee to participate in the Executive Share Option Plan (ExSOP) and acquire under a Joint Ownership Agreement with selected employees of Codemasters Group shares in the Group.

The loan was fully impaired in the accounts of Codemasters Group Limited in 2011, when it was understood that the market value of the shares held was insufficient for the Trust to repay the loan.

Following the capital restructuring of the Group that was disclosed in the financial statements of the Company for the year ended 30 June 2009, the shares held by the Trust were predominately deferred shares and other non-voting Class 2B ordinary shares.

The deferred shares were cancelled as part of the wider pre-admission group restructuring in May 2018. In addition, an agreement was reached between the Trust and the joint shareholder (an individual) to sell their jointly owned shares to Reliance.

Following the settlement of that transaction the Trust was left with no remaining assets, in order to settle the outstanding the Trust repaid £228,000 following receipt of a gift (for the purpose of repaying the loan). The residual £1.9 million loan was written off.

Subsequent to the settlement of all of the outstanding liabilities of the Trust, a Deed of Termination was entered into in August 2018 and the Trust was terminated with effect from 31 August 2018.

23 Operating leases

At 31 March 2019 the Group had total commitments under non-cancellable operating leases as set out below:

	Land & Buildings		Other leases	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	£000	£000	£000	£000
Minimum lease payments due:				
Within one year	440	327	4	20
In two to five years	1,280	592	5	15
In greater than five years	-	-	-	-
	1,720	**919**	**9**	**35**