Codemasters Group Holdings Plc

(“Codemasters” or the “Company”)

Interim Results

Codemasters (AIM: CDM), the award winning British video game developer and publisher specialising in high quality racing games, announces unaudited results for the six months ended 30 September 2018 (“**H1 2019**”).

Financial highlights

- Revenues of £39.7m with two game releases in H1 2019 (H1 2018: £49.4m with three game releases).
- Increased gross margin of 88.5% in H1 2019 (H1 2018: 83.6%), with digital sales now representing 53.4% of total revenue in H1 2019 (H1 2018: 33.1%).
- Adjusted EBITDA[1] of £10.0m in H1 2019, (H1 2018: £16.9m), variance with comparative period reflecting fact that all of FY18 games were released in H1 2018.
- Adjusted earnings per share (“**EPS**”)[2] of 7.1 pence (H1 2018: 12.0 pence).
- Net cash of £16.7m at 30 September 2018 (30 September 2017: net debt of £113.5m).

Strategic and operational highlights

- Successfully completed IPO on AIM on 1 June 2018.
    - Raised £15m of new funding, providing capital to invest further in the business and enhance the existing portfolio of successful franchises.
    - Repayment of shareholder loans in full through the IPO process.
- ONRUSH (own IP) was released on 5 June 2018 - has received positive reviews and benefitted from an agreement with SUBOR for exclusive distribution in China.
- F1® 2018 (annual release of the F1® franchise) was released on 24 August 2018 and is the highest rated PS4 racing game of 2018.
- The Company’s back catalogue continues to contribute significant sales, driven by growing digital demand.

Outlook

- The Board is confident that the results for the full year will be in line with its expectations.
- Gross margins are expected to remain ahead of previous periods, driven by the ongoing shift to digital sales.
- DiRT Rally 2.0 will be released on 26 February 2019 (digital deluxe version available on 22 February 2019). Early feedback from the gaming press and community has been extremely positive, development is on track and the Board looks forward to the launch with confidence.
- F1®Mobile Racing, a free to play iOS game, launched on 18 October 2018 and was featured on the top slot of Apple’s App Store. The Android version will be released shortly.

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 earnings per share, (a non-GAAP measure) have been presented as a meaningful comparison of earnings per share across periods. It is defined as Net Income (cash) per share, 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. Net Income (cash) is defined as Adjusted EBITDA less cash interest and tax paid.

Frank Sagnier, CEO of Codemasters, commented:

"I am pleased to report our maiden half year results as a listed company, following the share capital restructuring and repayment of shareholder loans in full as part of the successful IPO in June.

The quality of our AAA rated games and the loyal and passionate fan bases of our long-established franchises are resulting in growing and increasingly predictable revenue streams. This is driven by increasing digital delivery which represented the majority of sales for the first time, earlier than previously expected.

The continuing move into digital distribution, together with the evolution of games as a service model and the development of streaming platforms, provide significant opportunities for Codemasters. In addition, the usual sales boost expected over the Black Friday and Christmas periods, combined with the strength of our back catalogue and our planned new releases, gives us confidence for the full year and beyond."

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.

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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

Chief Executive Officer's Review

Strategic progress

I am pleased to report maiden half year results following admission to AIM in June. The Company delivered revenue of £39.7m, in line with our expectations. This is lower than the comparable period last year (H1 2018: £49.4m) as two new launches were released in H1 2019 compared to three in H1 2018. However, the Company will benefit from two further launches in H2 2019, being F1® Mobile Racing and DiRT Rally 2.0, whereas there were no new launches released in H2 2018.

Digital sales continued to improve and for the first time represented the majority of total sales at 53.4% (H1 2018: 33.1%). This led to an improved gross margin for the period of 88.5% (H1 2018: 83.6%) and this shift to digital is a trend that we expect to see continue in the future.

The IPO in June was a milestone in the Company's history, and the £15m raised has allowed us to further invest in the business and in people in order to enhance our existing portfolio of franchises. Since June, the Company has made considerable progress and is successfully delivering against the strategy set out at the time of the IPO. We are well positioned to take advantage of the rapidly expanding market, the shift to digital distribution and post launch services, as well as the new opportunities from upcoming streaming platforms.

We continue to grow our consumer base through a wider range of games and platforms. In June we released ONRUSH, a new own IP game in the arcade racing genre. We have further engaged our F1® players with the highly successful F1® ESports series created and operated by Codemasters and will bring a new audience to the franchise with the launch of our F1® Mobile Racing free to play game. We also continue to invest in our propriety EGO engine in anticipation of next generation platforms and to maintain our competitive edge.

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

Operational review

Codemasters has a long history of developing high quality, AAA rated games and over recent years has focused solely on the racing segment 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. In June, the Company released a new own IP game, ONRUSH.

The sales performance in the first half of this year has been delivered largely due to the release of its latest annual instalment of the F1® franchise (F1® 2018), ONRUSH (released in June 2018) and through the Company's back catalogue of titles.

F1® 2018 was launched on 24 August 2018 and is the highest rated PS4 racing game of the year 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® ESports series, which has been broadcast live on Facebook and Sky TV, now including 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.

Post period end, F1® Mobile Racing was released on iOS on 18 October 2018, with the Android version to follow. This free to play mobile game will help to bring the franchise to a wider audience and, in due course, provide additional revenue opportunities. 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.

The Company's back catalogue of games also performed well through the first half and this is another trend that we expect 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. Through digital channels we can now engage with these fans constantly 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 technology, which helps to ensure that our game developers are able to make the most informed decisions based on analysis of player interactions with new features, content and products. Our loyal community of gamers contribute towards the shaping and marketing of Codemasters' games.

The fact that our games are of some of the highest quality in the market also helps to secure new distribution opportunities. Our industry is seeing unprecedented levels of investment, including in streaming platforms, driven by ever improving network infrastructure and increasing access to broadband. These platforms will require high quality content in order to attract consumers and we see this as a potential opportunity in the future.

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. Whilst 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, ONRUSH is not expected to make a meaningful financial contribution in the second half of the financial year and the majority of the team are now focusing on building one of the Company's future owned IP titles. The future trading expectations of ONRUSH have led to a £2.6m impairment of the associated capitalised development costs held as an intangible fixed asset as at 30 September 2018. This is a non-cash adjustment that brings forward amortisation costs that would have been incurred between October 2018 and May 2019.

On 26 February 2019 we will release DiRT Rally 2.0, the sequel to the successful and award-winning DiRT Rally, which was originally launched in April 2015. A digital deluxe version of the game containing additional features and priced at a premium when compared to the standard version is now also available for pre-order. The deluxe version will also be released four days earlier than the standard version. Early feedback from the press and community has been extremely positive, development is on track and we are confident about the launch.

Outlook

Trading in the second half of the year has begun in line with management's expectations. In the remainder of the financial year we expect F1® 2018 to make a material revenue contribution, particularly through digital sales, and we expect to benefit from the normal promotions around the Black Friday and Christmas periods which have historically delivered strong sales for prior versions. We will also benefit from the much-anticipated launch of DiRT Rally 2.0, which is also expected to make a material revenue contribution and expect the strong performance of our back catalogue to continue. As such, the Board remains confident in meeting expectations for the full year.

Frank Sagnier

Chief Executive Officer

12 November 2018

Chief Financial Officer's Review

Trading

The Company delivered £39.7m of revenue in H1 2019. The key drivers of revenue are the timing of new releases, with two major releases in this period (F1® 2018 & ONRUSH). In H1 2018 £49.4m of revenue was delivered following the release of three titles (F1® 2017, DiRT 4 & Micro Machines World Series).

As noted above, the shift to digitally downloaded games in the market continues with 53.4% of revenue being delivered from digital channels (33.1% in the six months to H1 2018 and 41.2% in FY18). A move to digital sales is beneficial to the Company both via improvement of gross margin but also increasing the longevity of the back catalogue in the market (games released prior to the start of FY19).

With F1® Mobile Racing, released in October 2018 and DiRT Rally 2.0 scheduled for release on 26 February 2019, it is expected that the FY19 releases together with the consistent support from the back catalogue will drive a significant revenue improvement when comparing FY19 to FY18.

Gross margin of 88.5% in H1 2019 (driven by the increasing proportion of digital sales) is approximately 5% higher than H1 2018, which achieved 83.6%. It is also ahead of the FY18 gross margin of 84.6%. This is a trend that is expected to continue as global sales move further towards digitally obtained content.

The Company's Board of Directors use Adjusted EBITDA as a key trading performance indicator. This provides a meaningful measure of the underlying operational cash generation of the Company. The table below reconciles operating profit which is reported in the income statement to Adjusted EBITDA, with the adjustments representing non-cash items.

	6 months ended 30 Sep 2018	6 months ended 30 Sep 2017	Year ended 31 Mar 2018
	£000	£000	£000
Revenue	**39,713**	**49,354**	**63,566**
Gross profit	**35,136**	**41,283**	**53,776**
Gross Margin %	88.5%	83.6%	84.6%
Operating (loss)/profit	**(3,028)**	**6,394**	**8,058**
- amortisation & impairment of development costs and computer software	18,254	21,173	20,292
- less interest on unwinding of licensing agreements	(1,031)	(1,414)	(1,028)
- depreciation	685	641	1,084
- capitalisation of development costs	(10,719)	(9,886)	(23,435)
- share based payments	5,795	-	6,762
Adjusted EBITDA	**9,956**	**16,908**	**11,733**

Adjusted EBITDA includes cost of sales, development costs and sales, general and administrative costs. In H1 2019 Adjusted EBITDA of approximately £10.0m was achieved (£16.9m in H1 2018). The higher Adjusted EBITDA in H1 2018 reflects the timing of releases and the associated revenue generation. The timing of releases led to a profit in H1 2018 and a loss in H2 2018 at Adjusted EBITDA level. With further releases in H2 2019 it is expected that H2 2019 in isolation will generate an Adjusted EBITDA profit and adjusted EBITDA for the full year will be in line with expectations.

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

- Share based payments in the period are a non-cash charge. A £5.8m charge has been recognised in H1 2019. Of that amount £5.5m relates to the grant of share options to executive management prior to the IPO of the Company. The charge relating to the pre-IPO share options reflects the accounting fair value of those options at the time of grant and does not represent a cash outflow to the business.
- 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 and then equally over the eleven remaining months. Amortisation is a non-cash accounting entry and is dictated by the timing of releases.

- The carrying values of all intangible assets are reviewed at the end of each reporting period against the expected future revenues from that title. In H1 2019 amortisation costs include a £2.6m impairment of the ONRUSH asset. This title was released in June 2018; the impairment represents a non-cash adjustment, with the vast majority of the amortisation relating to this impairment previously expected to be included within H2 2019. H1 2019 included two major game releases, whereas H2 2019 will include only one major release (in terms of capitalised development costs), being DiRT Rally 2.0.
- When comparing H1 2019 with H1 2018, there were £2.9m fewer costs amortised in H1 2019. The variance is driven by the timing of releases and a difference in the amortisation periods across the two periods (offset by the impairment discussed above). In H2 2018, the Company adjusted its estimate of the period to amortise capitalised development costs, extending the period from three months to 12 months for boxed releases. A reversal in the amount of amortisation was recognised in H2 2018.
- The timing of major releases in FY19, being weighted towards H1 2019 and the accelerated timing of the impairment charge has resulted in a greater proportion of the FY19 amortisation falling in the first half of the current financial year. Amortisation in H2 2019 is therefore expected to be significantly lower, which will have a positive impact in reported operating profit in H2 2019.
- 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. In H1 2019, £10.7m of development costs have been capitalised, this is £6.9m lower than for H1 2018. However, in H1 2018 a long term licence was entered into, which led to £7.6m being capitalised as an intangible asset.

Operating loss of £3.0m is impacted by these non-cash timing differences relating to capitalisation and amortisation in addition to non-cash non-recurring charges relating to impairment and share based payments incurred in the period.

Whilst reported operating loss/profit does not reflect the underlying cash generation of the Company, the operating profit figure is expected to increase significantly in the second half of the current financial year due to the expected profile of releases and the timing of amortisation of capitalised costs associated with those releases.

Creative sector relief recognised in the period of £3.2m (H1 2018: £3.1m, FY18: £6.2m) represents the expected receivable for H1 2019 based upon the qualifying costs incurred in the period. In FY18 there were two claims made, one for each half of the year, with cash received in FY18 comprising the cash from FY17 and the H1 2018 claim. In FY19 the cash received to date comprises the H2 2018 claim.

Non-Recurring items & Interest payable

The £1.5m non-recurring costs relate to associated costs of the IPO.

Net interest payable of £3.1m in H1 2019 includes a £2.3m foreign exchange movement on the US Dollar loans held at the start of the period, which is non-cash in nature. Of the residual balance of interest and finance charges, except for approximately £25,000 of expense, all of the costs incurred are non-cash in nature. Interest and exchange movements on these loans led to a non-cash charge of £5.0m in H1 2018.

The loans associated with those exchange rate movements have been settled in H1 2019. Accordingly, interest and exchange rate movements on borrowings going forward will be minimal.

Profit after tax

Corporation tax charges have been minimal in the year, reflecting the Company's ability to utilise brought forward losses.

H1 2019 loss was £7.7m (H1 2018: profit £1.4m).

Basic loss per share was 0.0 pence (H1 2018: earnings per share 0.0 pence).

H1 2019 Adjusted EPS was 7.1 pence (H1 2018: 12.0 pence). This is a non GAAP measure presented as a meaningful comparison of earnings per share across periods. It is defined as Net Income (cash) per share, 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. Net Income (cash) is defined as Adjusted EBITDA less cash interest and tax paid.

Statement of Financial Position and Cash flow

The pre-IPO restructuring and the IPO included some key transactions that have impacted the Company's statement of financial position. The pre-IPO transactions are discussed in further detail in this interim report, but are summarised below:

- The Company acquired some minority interest shareholdings in Codemasters Software Company Limited and Codemasters Studios Sdn Bhd from a related party. This led to £9.7m of the non-controlling interest recognised in equity being re-classified as distributable reserves. The only remaining shareholding any of the Company's subsidiaries held externally is now 30% of the issued share capital of Codemasters Studios Sdn Bhd (art studio based in Kuala Lumpur).
- Interest of £48.5m and principal of £68.2m on related party loans of £121.6m were released (and recognised with profit and loss reserves) or converted to equity as part of the pre-IPO restructuring. In addition, a residual $5m balance on these loans was repaid prior to the IPO on 1 June 2018.
- A capital restructuring involving re-designation and cancellation of the various classes of share capital and share premium were completed prior to the IPO. The capital restructuring led to a reduction in share capital of £117.7m and a reduction of share premium of £82.5m. These balances were reclassified into profit and loss reserves. Following the restructuring there were 132,500,000 1p Ordinary Shares in issue and no share premium.
- All share premium recognised at 31 March 2018 was reclassified as distributable reserves.
- On IPO 7,500,000 new Ordinary shares of 1p each were issued, which generated £15.0m 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 £13.2m in the period (offset by a £7.75m release of previous share options that were replaced). The crystallisation 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 £0.3m share based payments charge relates to new share based payment schemes issued on IPO.

In addition to the related party loans of USD 5m that were repaid, the other third party loans outstanding as at 31 March 2018 of approximately £2.2m were settled in H1 2019. With the exception of a small number of finance leases, totalling less than £0.3m, the Company is now debt free.

There were £6.8m trade and other receivables at 30 September 2018 (30 September 2017: £9.4m, 31 March 2018: £3.3m). The variance when compared to 30 September 2017 is due to timing of balances due to/from the Company's main distributor, but also driven by USD 3.5m trade debtors at 30 September 2018. That balance relates to receipts in advance for ongoing development work associated with a particular contract, with USD 3m settled in October 2018.

Within trade and other payables there is £5.8m that is payable in a period greater than one year (30 September 2017 & 31 March 2018 £7.9m). One of the agreements outstanding at the end FY18 has become due in less than one year in H1 2019.

As at 30 September 2018, the Company held £17m in cash (30 September 2017: £5.8m, 31 March 2018: £9.1m). The increase in cash held 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

12 November 2018

Unaudited condensed consolidated income statement

	Note	6 months ended 30 Sep 2018 £000	6 months ended 30 Sep 2017 £000	Year ended 31 Mar 2018 £000
Revenue		39,713	49,354	63,566
Cost of sales		(4,577)	(8,071)	(9,790)
Gross profit		35,136	41,283	53,776
Distribution costs		(6,652)	(8,411)	(10,026)
Administrative expenses:				
- research expenses, amortisation and impairment of development costs		(26,260)	(27,036)	(28,922)
- creative sector relief		3,200	3,153	6,162
- other administrative expenses		(2,657)	(2,595)	(6,170)
- share based payments		(5,795)	-	(6,762)
Total administrative expenses		(31,512)	(26,478)	(35,692)
Operating loss/(profit)		(3,028)	6,394	8,058
Analysed as:				
- Operating loss/(profit)		(3,028)	6,394	8,058
- amortisation & impairment of development costs and computer software		18,254	21,173	20,292
- interest on unwinding of licensing agreements		(1,031)	(1,414)	(1,028)
- depreciation of tangible fixed assets		685	641	1,084
- capitalisation of development costs		(10,719)	(9,886)	(23,435)
- share based payments		5,795	-	6,762
Adjusted EBITDA*		9,956	16,908	11,733
Non-recurring items**	4	(1,500)	-	-
Interest receivable and similar income		9	-	24
Interest payable and similar charges		(3,060)	(4,952)	(9,564)
Net interest payable		(3,051)	(4,952)	(9,540)
Profit/(loss) on ordinary activities before taxation		(7,579)	1,442	(1,482)
Tax (charge)/ credit on profit on ordinary activities		(123)	-	2,384
Profit/(loss) on ordinary activities after taxation		(7,702)	1,442	902
Profit/(loss) attributable to:				
Owners of the parent		(7,677)	201	(2,460)
Non-controlling interest		(25)	1,241	3,362
Profit/(loss) for the financial period		(7,702)	1,442	902
		Pence	Pence	Pence
Earnings per share	5			
Basic earnings/(loss) per share		(0.0)	0.0	(0.0)
Diluted earnings/ (loss) per share		(0.0)	0.0	(0.0)

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

** Non-recurring items relate solely to the costs of the IPO. These are one-off and non-operational in nature and have been separately stated outside of operating costs accordingly.

Unaudited condensed consolidated statement of comprehensive income

	6 months ended 30 Sep 2018 £000	6 months ended 30 Sep 2017 £000	Year ended 31 Mar 2018 £000
Profit/(loss) for the financial period	(7,702)	1,442	902
Other comprehensive income/(loss):			
Items that will be reclassified subsequently to profit or loss:			
Currency translation differences	155	2	1
Total comprehensive income/(loss) for the period	(7,547)	1,444	903
Total comprehensive income/(loss) attributable to:			
Owners of the parent	(7,522)	2,685	(2,459)
Non-controlling interests	(25)	(1,241)	3,362
Total comprehensive income/(loss)	(7,547)	1,444	903

Unaudited condensed consolidated statement of changes in equity

	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 for the period	-	-	-	-	201	-	201	1,241	1,442
Share based payments	-	-	-	-	-	-	-	-	-
Net exchange differences on translation of foreign subsidiaries	-	-	-	-	-	2	2	-	2
Total comprehensive income for the period	-	-	-	-	201	2	203	1,241	1,444
At 30 September 2017	**43,687**	**82,524**	**8,816**	**-**	**(221,418)**	**(1,085)**	**(87,476)**	**(12,255)**	**(99,731)**
At 1 April 2018	43,687	82,524	8,816	-	(224,079)	(1,086)	(90,138)	(10,134)	(100,272)
Profit/(loss) for the period	-	-	-	-	(7,677)	-	(7,677)	(25)	(7,702)
Net exchange differences on translation of foreign subsidiaries	-	-	-	-	-	155	155	-	155
Total comprehensive income for the period	-	-	-	-	(7,677)	155	(7,522)	(25)	(7,547)
Cancellation of deferred shares	(8,198)	-	-	-	8,198	-	-	-	-
Exercise of executive share options	-	-	-	-	13,232	-	13,232	-	13,232
Charge for post-IPO share option schemes	-	-	-	313	-	-	313	-	313
Issue of 150,010,000 Class 1 shares of £0.0001 to acquire non-controlling interests	15,000	-	-	-	(24,681)	-	(9,681)	9,681	-
Capitalisation of £68,522,884.09 of loans into 685,228,840,900 Class 1 ordinary shares of £0.0001	68,522	-	-	-	-	-	68,522	-	68,522
Capitalisation of interest on related party loans released	-	-	-	-	48,538	-	48,538	-	48,538
Pre-IPO capital reduction	(117,686)	(82,524)	-	-	200,210	-	-	-	-
Bonus issue of 21,000 Class 1 Ordinary Shares of £0.00001 each	-	(0)	-	-	-	-	(0)	-	(0)
Issue 7,500,000 ordinary shares of 1p each	75	14,925	-	-	-	-	15,000	-	15,000
Capitalisation of IPO transaction costs	-	(174)	-	-	-	-	(174)	-	(174)
Transactions with owners	(42,287)	(67,773)	-	313	245,497	-	135,750	9,681	145,431
At 30 September 2018	**1,400**	**14,751**	**8,816**	**313**	**13,741**	**(931)**	**38,090**	**(478)**	**37,612**

Note that subsequent to Class 1 ordinary shares being issued to facilitate the Company to acquire the non-controlling interests of Codemasters Software Company Limited and 16.67% of the non-controlling interest of Codemasters Studios Sdn Bhd all Class 1 ordinary shares of £0.0001 each were sub-divided and re-designated into Class 1 Ordinary shares of £0.00001 each.

Following the issue of 21,000 bonus shares and the pre-IPO capital reduction, the remaining share capital was re-designated as Ordinary Shares of 1 pence each. Prior to the IPO there were 132,500,000 shares of 1 pence each in issue.

There were 7,500,000 ordinary shares of 1 pence each issued as placing shares upon IPO, giving an overall total of 140,000,000 ordinary shares of 1 pence in issue.

Capitalisation of IPO transaction costs relates to the costs incurred from the IPO that can be directly attributed to the issue of new shares. These directly attributed costs have been recognised as a debit balance within share premium.

Further details regarding the pre-IPO group restructuring are provided at note 6.

Unaudited condensed consolidated statement of financial position

	Note	30 Sep 2018	30 Sep 2017	31 Mar 2018
		£000	£000	£000
Non-current Assets				
Intangible assets	3	26,762	22,364	36,457
Tangible assets		8,358	7,734	8,520
Deferred tax asset		2,356	-	2,409
		37,476	30,098	47,386
Current assets				
Inventories		583	629	182
Trade and other receivables		6,816	9,442	3,302
Creative Sector tax credit receivable		3,200	3,487	2,947
Cash at bank and in hand		17,044	5,845	9,136
		27,643	19,403	15,567
Total Assets		65,119	49,501	62,953
Non-current liabilities				
Loans and borrowings		(126)	(46)	(202)
Trade and other payables		(5,766)	(7,912)	(7,912)
		(5,892)	(7,958)	(8,114)
Current liabilities				
Loans and borrowings		(150)	(119,342)	(121,819)
Trade and other payables		(17,801)	(15,741)	(21,081)
Share based payments accrual		-	(2,058)	(8,820)
Provisions for liabilities		(3,664)	(4,133)	(3,391)
		(21,615)	(141,274)	(155,111)
Total Liabilities		(27,507)	(149,232)	(163,225)
Net assets/ (liabilities)		37,612	(99,731)	(100,272)
Capital and reserves				
Called up share capital		1,400	43,687	43,687
Share premium account		14,751	82,524	82,524
Merger reserve		8,816	8,816	8,816
Other reserve		313	-	-
Profit and loss account		13,741	(221,418)	(224,079)
Currency translation reserve		(931)	(1,085)	(1,086)
Total shareholders' deficit		38,090	(87,476)	(90,138)
Non-controlling interest		(478)	(12,255)	(10,134)
Capital employed		37,612	(99,731)	(100,272)

Unaudited condensed consolidated cash flow statement

	6 months ended 30 Sep 2018	6 months ended 30 Sep 2017	Year ended 31 Mar 2018
	£000	£000	£000
Cash flows from operating activities			
Profit/ (loss) for the financial period before taxation	(7,579)	1,442	(1,482)
Adjustments for:			
Amortisation of intangible fixed assets	20,502	23,333	23,048
Depreciation of tangible fixed assets	214	186	139
Creative sector relief recognised	(3,200)	(3,153)	(6,162)
Share based payments	5,795	-	6,762
Interest charged	772	9,460	17,229
Exchange movement on loans & long term contracts	2,279	(4,508)	(7,689)
Exchange (gains)/losses	206	(38)	936
Amounts representing net changes in working capital:			
(Inc)/Dec in trade and other receivables	(3,576)	(6,748)	(545)
(Inc)/Dec in inventories	(401)	(478)	(31)
Inc/(Dec) in trade and other payables	(8,903)	(5,415)	(354)
Inc/(Dec) in provisions	273	1,727	984
Cash from operations	6,382	15,808	32,835
Creative sector relief received	3,010	5,358	8,845
Income taxes received/(paid)	(70)	-	-
Net cash generated from operating activities	9,322	21,166	41,680
Cash flow from Investing activities			
Proceeds from sale of tangible fixed assets	8	-	-
Payments to acquire tangible fixed assets	(537)	(615)	(2,004)
Payments to acquire or develop intangible fixed assets	(10,323)	(9,512)	(22,829)
Net cash used in investing activities	(10,852)	(10,127)	(24,833)
Cash flow from financing activities			
Proceeds from borrowings	-	1,371	1,723
Loan repayments	(5,720)	(7,580)	(10,237)
Interest received	9	-	24
Interest paid	(6)	(149)	(380)
Proceeds from issue of share capital	15,000	-	-
Net cash generated from financing activities	9,283	(6,358)	(8,870)
Net increase in cash and cash equivalents	7,753	4,681	7,977
Cash and cash equivalents at the beginning of the period	9,136	1,162	1,162
Exchange gain/(loss) on cash and cash equivalents	155	2	(3)
Cash and cash equivalents at the end of the period	17,044	5,845	9,136
Cash and cash equivalents consist of:			
Cash at bank and in hand	5,035	5,845	9,136
Short term deposits	12,009	-	-
Cash and cash equivalents at the end of the period	17,044	5,845	9,136

Notes to the unaudited condensed consolidated interim financial statements

1 Nature of operations and general information

Codemasters Group Holdings plc is a public limited company incorporated in England. The Registered Number is 06123106 and the Registered Office is Codemasters Campus, Stoneythorpe, Southam Warwickshire, CV47 2DL.

Codemasters Group Holdings plc and its subsidiaries (the "Group") 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.

The Company successfully floated on the UK AIM stock market on 1 June 2018.

2 Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with the AIM rules and IAS 34 "Interim Financial Reporting" as adopted by the European Union. The shares in the Company were admitted to the UK AIM stock market on 1 June 2018.

The condensed consolidated financial statements for the six months ended 30 September 2018 should be read in conjunction with the Historical Financial Information ('HFI') of the Group for the year ended 31 March 2018, which includes the financial results of the Group prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'). The Historic Financial Information, which was included in the Company's Admission document to AIM, was the first financial information prepared under IFRS.

The report of the auditors for the HFI for the year ended 31 March 2018 was unqualified, did not contain an emphasis of matter paragraph and did not include a statement under Section 498 of the Companies Act 2006.

The Group's interim condensed consolidated financial statements are not audited and do not constitute statutory financial statements as defined in Section 434 of the Companies Act 2006. The interim condensed consolidated financial statements are prepared under the historical cost convention and is presented in Sterling, which is the functional currency of the Group. The figures presented are round to the nearest £000, except for earnings per share.

The condensed consolidated interim financial statements were approved for issue on 12 November 2018.

Going concern

The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing these condensed consolidated financial statements. Accordingly, they continue to adopt the going concern basis in preparing these condensed consolidated interim financial statements.

Accounting policies

The Group's principal accounting policies used in preparing this information are as stated in the HFI. There has been no change to any accounting policy from the date of the HFI.

Prior to the Company's admission to AIM, the Group undertook a pre-admission group restructuring, which took place in May 2018. The group capital restructuring is summarised at note 6.

The requirements of IFRS - 9 – Financial Instruments and IFRS - 15 Revenue from contracts with Customers have been adopted in this financial information (and were also adopted in the HFI).

As disclosed in the HFI, the Directors have identified only one operating segment in the business, being the sale of internally developed video games. The single operating segment is reported in a manner consistent with the internal reporting to the Board for monitoring and strategic decisions.

2 Basis of preparation (continued)

Accounting estimates and key judgements

When preparing these condensed consolidated interim financial statements, the Directors make a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the condensed consolidated interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the HFI.

3 Intangible fixed assets

	Development Costs £000	Licences Patents & Trade Marks £000	Computer Software £000	Total £000
Cost				
At 31 March 2017	58,610	11,344	305	70,259
Additions	9,886	7,651	79	17,616
Disposals	-	-	(8)	(8)
At 30 September 2017	68,496	18,995	376	87,867
Additions	13,549	-	259	13,808
Disposals	(16,600)	-	(1)	(16,601)
At 31 March 2018	65,445	18,995	634	85,074
Additions	10,719	-	88	10,807
Disposals	-	-	-	-
At 30 September 2018	**76,164**	**18,995**	**722**	**95,881**
Accumulated amortisation				
At 31 March 2017	36,609	5,461	108	42,178
Amortisation	21,122	2,160	51	23,333
Disposals	-	-	(8)	(8)
At 30 September 2017	57,731	7,621	151	65,303
Amortisation	(1,106)	596	225	(285)
Disposals	(16,600)	-	(1)	(16,601)
At 31 March 2018	40,025	8,217	375	48,617
Amortisation	15,587	2,248	67	17,902
Impairment	2,600	-	-	2,600
Disposals	-	-	-	-
At 30 September 2018	**58,212**	**10,465**	**442**	**69,119**
Net book amount				
At 30 September 2018	**17,952**	**8,530**	**280**	**26,762**
At 31 March 2018	25,420	10,778	259	36,457
At 30 September 2017	10,765	11,374	225	22,364
At 31 March 2017	22,001	5,883	197	28,081

Note the credit to amortisation in H2 2018, represents the adjustment in respect of amending the amortisation period from three months to 12 months, the change took place in H2 2018 but adjusting the full year amortisation charge.

4 Non-recurring items

	6 months ended 30 Sep 2018	6 months ended 30 Sep 2017	Year ended 31 Mar 2018
	£000	£000	£000
Professional and other IPO fees	1,500	-	-
Non-recurring costs	1,500	-	-

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

5 Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of Codemasters Group Holdings plc as the numerator. No adjustments to profit were necessary.

The reconciliation of the weighted average number of shares for the purpose of diluted earnings per share in the calculation of basic earnings per share is as follows:

Weighted number of shares in issue	30 Sep 2018	30 Sep 2017	31 Mar 2018
Ordinary shares (1p each)	100,532,787	-	-
Class 1 (£0.0001 each)	3,543,121,743	12,713,554,491	12,713,554,491
Class 1 formerly Class 2A (£0.0001 each)	2,321,908,629	8,331,554,491	8,331,554,491
Class 2B (£0.0001 each)	47,745,399	171,321,727	171,321,727
Class 2C (£0.0000001 each)	408,700,537	1,466,513,690	1,466,513,690
Total of shares in issue	6,422,009,095	22,682,944,399	22,682,944,399
Kreos Warrants	-	544,297,649	395,150,484
Replacement Plan Options (granted)	-	11,177,597	7,158,919
LTIP	925,683	-	-
NED	370,273	-	-
ESOP	829,511	-	-
Warrants and options not exercised	2,125,467	555,475,246	402,309,403
Total diluted shares	6,424,134,562	23,238,419,645	23,085,253,802
Adjusted earnings per share	£000	£000	£000
Adjusted EBITDA	9,956	16,908	11,733
Tax (charge)/ credit on profit on ordinary activities	(123)	-	2,384
Less non-cash tax items (deferred tax charged to income statement)	54	-	(2,409)
Cash interest	3	(149)	(356)
Net income (cash)	9,890	16,759	11,352
Basic earnings/(loss) per share (pence)	**(0.0)**	**0.00**	**(0.0)**
Diluted earnings/ (loss) per share (pence)	**(0.0)**	**0.00**	**(0.0)**
Adjusted earnings per share (pence)	**7.1**	**12.0**	**8.1**

For diluted earnings per share, the weighted average number of shares in issue has been adjusted to assume conversion of all potentially dilutive options and warrants for the applicable period.

Given the variances in shares in issue across the presented periods (as a result of the pre-IPO capital restructuring), adjusted earnings per share is presented. Adjusted earnings per share is Net income (cash) across the presented periods divided by the number of shares in issue at 30 September 2018.

Deferred shares that were in issue in the prior year have not been included in the calculation for weighted average number of shares.

6 Admission to AIM

The table in note 5 highlights the number of shares in issue during the previous financial year. In addition to this there were also 819,839,142,440,000 Deferred Shares of £0.00000001 each. The Deferred Shares were considered to have no benefit to the holders of those shares as the articles of Association of the Company permitted these to be bought back in aggregate for £1.

In a series of steps undertaken between 8 May 2018 and 21 May 2018 prior to the IPO, the Group undertook a group reorganisation and debt restructuring whereby, inter alia:

- the Deferred Shares in the Company were cancelled and extinguished;
- the Company issued 150,000,000,000 Class 1 ordinary shares of £0.0001 each in the Company, in consideration of acquiring 23,333 ordinary shares in Codemasters Studios Sdn Bhd and 333 ordinary shares in The Codemasters Software Company Limited from Reliance Big Entertainment (Singapore) Pte. Ltd ('Reliance') (immediate parent company of the Company at that time);
- 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 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 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.

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.

On 1 June 2018 the Company's shares were admitted to the AIM stock market. Upon admission there were an additional 7,500,000 Ordinary Shares of £0.01 each placing shares issued. In total 140,000,000 Ordinary Shares of £0.01 each were admitted to AIM.

In addition to the above, between 18 May 2018 & 21 May 2018, cash-settled share-based incentive schemes awarded by the Company to senior executives were cancelled, save for certain elements in relation to one senior executive, and replaced with equity-settled call share option agreements between the Group's majority shareholder at the time and the senior executives concerned.

On 18 May 2018, the share option agreements were exercised by the senior executives whereby, in total, they acquired 1,258,750 Preferred Shares of £1 each in the Company at a price of £0.1339 per share. These preferred shares were included within the pre-IPO capital restructuring. Following the restructuring the number of shares held pre-IPO were 12,587,500 ordinary shares of 1 pence each. 40% of the shares were sold in IPO, leaving 7,552,500 held by the senior executives.

Post IPO the Group has granted share option agreements to senior executives in the form of Long Term Incentive Schemes, equity-settled share option agreements. A total of 1,400,000 share options have been granted to the senior executives under this scheme. There are both market and non-market conditions applicable under the scheme governing how many shares will be awarded to these individuals.

7 Financial instruments

	30 Sep 2018	30 Sep 2017	31 Mar 2018
	£000	£000	£000
Financial assets held at amortised cost:			
Trade receivables	2,917	524	1,566
Cash and cash equivalents	17,044	5,845	9,136
	19,961	6,369	10,702

	30 Sep 2018	30 Sep 2017	31 Mar 2018
	£000	£000	£000
Financial liabilities held at amortised cost:			
Loans and borrowings	(276)	(119,389)	(122,021)
Trade payables	(870)	(819)	(2,628)
Amounts due to relating undertakings	-	(962)	-
Other payables	(13,261)	(16,425)	(18,393)
	(14,407)	(137,595)	(143,042)