

A photograph of three young people sitting in a row, playing video games. They are in a dimly lit room, likely a gaming lounge or esports arena, with blue and purple ambient lighting. The person on the left is a young man with short brown hair, wearing a white t-shirt, smiling and holding a game controller. The person in the middle is a young woman with long blonde hair, wearing a blue and yellow striped tracksuit, looking intently at the screen. The person on the right is a young man with dark hair, wearing a grey t-shirt, also looking intently. The background is dark with some blurred lights.

# GAME DIGITAL

## GAME CHANGING

---

GAME DIGITAL PLC | 2017/18 FULL YEAR RESULTS  
8<sup>TH</sup> NOVEMBER 2018



# FORWARD LOOKING STATEMENTS

This presentation includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believe”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts and include statements regarding the Company’s intentions, beliefs or current expectations.

Any forward-looking statements in this presentation reflect the Company’s current expectations and projections about future events. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this presentation. No representations or warranties are made as to the accuracy of such statements, estimates or projections.

Please note that the Directors of the Company are, in making this presentation, not seeking to encourage shareholders to either buy or sell shares in the Company. Shareholders in any doubt about what action to take are recommended to seek financial advice from an independent financial advisor authorised by the Financial Services and Markets Act 2000.





**MARTYN GIBBS**

CHIEF EXECUTIVE OFFICER



# FULL YEAR 2017/18 HEADLINES

## STRATEGY PROGRESSING IN CHALLENGING RETAIL LANDSCAPE

- Core metrics and customer proposition for BELONG clearly defined
- Collaboration agreement with Sports Direct signed in February 2018, giving £35 million loan for BELONG rollout
- Sale of Multiplay Digital during the year for £19 million

## POSITIVE DRIVERS IN THE GAMING MARKET

- Group GTV up 1.9% in the year, with Spain up 7.0% and UK decline of 1.1%
  - GTV in hardware up 17.4%, digital content 2.3% (underpinned by console digital 15.6%) while Preowned challenged at (10.9%) and Accessories & Other (2.6%)
- GTV in Events & Esports 40%

## DRIVING OPERATIONAL EFFICIENCIES

- Reduced costs by £11.4 million in year and further initiatives implemented for FY19
- Ongoing opportunities in property estate with average length to break of c.1 year in both UK and Spain
- Cash and liquidity improved with net cash £58.7 million (2017 £47.2 million)

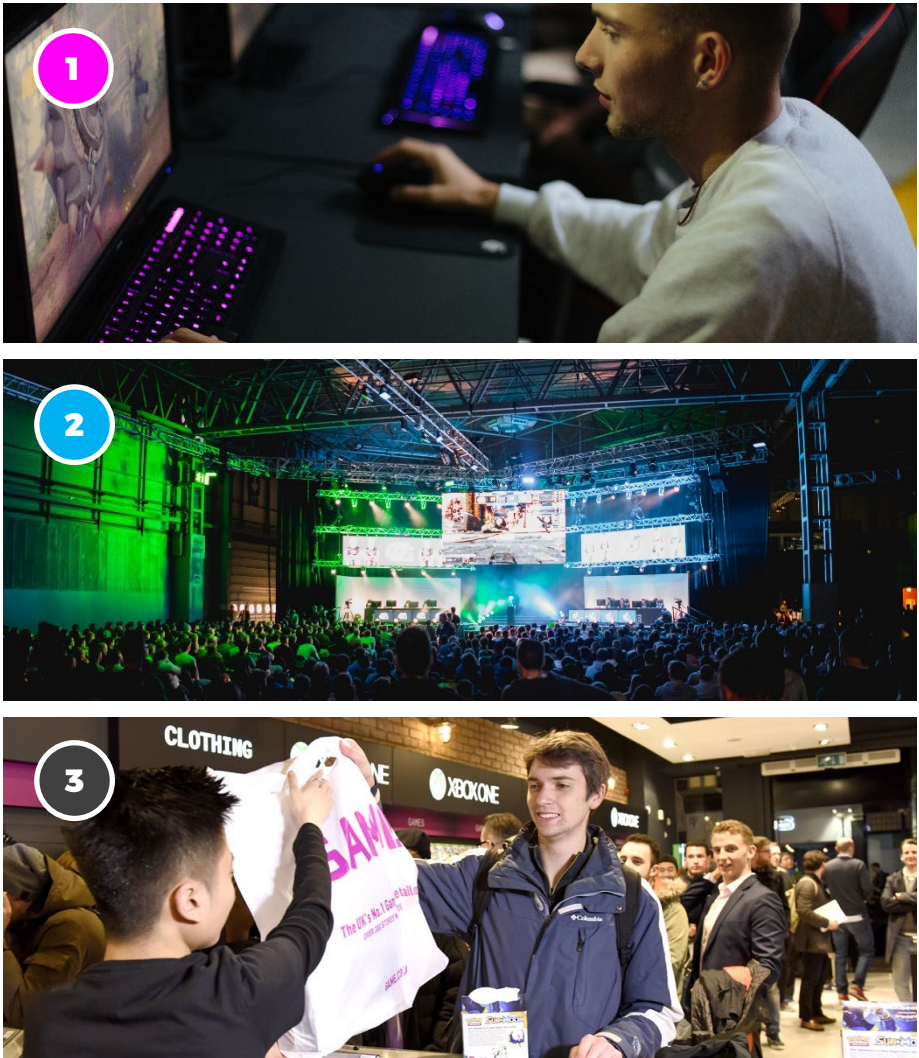
## POSITIVE CURRENT PERFORMANCE IN UK & SPAIN

- UK mint market up 16.2% in the 14 weeks YTD, driven by hardware, digital and accessories
- Spanish mint market up 3.8% in the 14 weeks YTD
- Overall software market in growth but perennial titles and Preowned more challenged





# UTILISING ALL DIVISIONS OF OUR BUSINESS TOGETHER





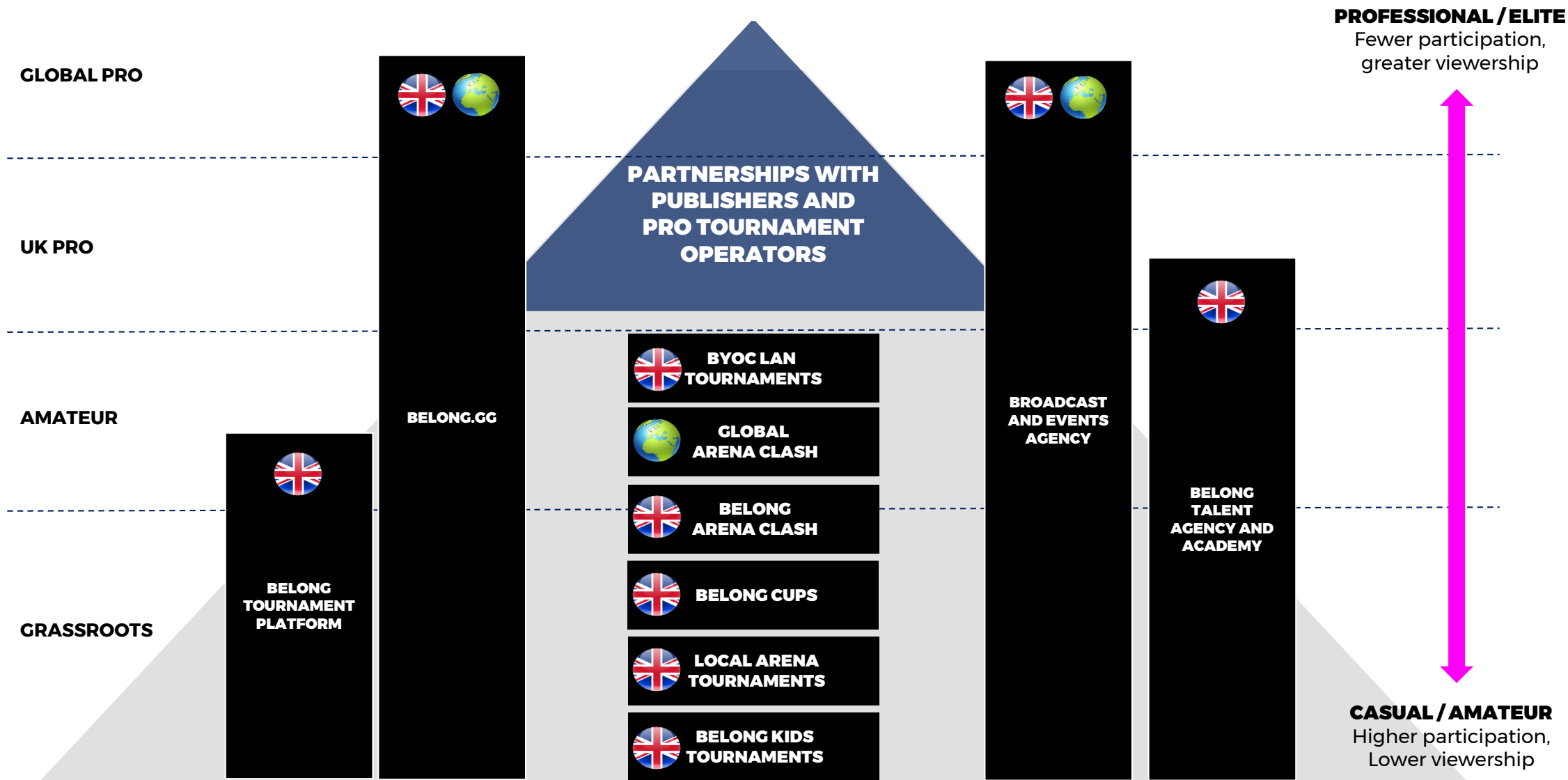


# BELONG

— GAMING ARENAS —



# OUR ESports PROPOSITION





# BELONG IS A SOCIAL GAMING NETWORK



1

Our physical network of arenas houses our digital network of gamers



2

Every arena that BELONG adds to the network will increase the size of our gamer network



3

This growth will be significant, in that each new arena will increase the value of the social gaming network by a greater factor



4

Our programmes, content and social channels retain and continuously engage BELONG gamers, further building customer value.





# A WEALTH OF INSIGHT INTO OUR BELONG CUSTOMERS

<div>1. COMPETITION &amp; COMMUNITY</div> <div>Strong interest in esports and are likely have experience in Amateur tournaments</div> <div><div>% OF TOTAL</div><div><div><div>7%</div></div><div><div>19%</div></div></div><div><div>% of users</div><div>% of bookings</div></div></div> <div><div>WHEN</div><div><div><div></div></div>Evenings &amp; weekday afternoons</div></div> <div><div>HOW LONG</div><div><div><div></div></div>Average usage: <b>3 hours</b> at a time</div></div> <div><div>TOP AGE RANGE</div><div><b>38%</b> 20-21 yrs.</div></div> <div><div>ESPORTS</div><div><b>69%</b> View esports competitions</div></div>	<div>2. TIME TOGETHER</div> <div>Kids / teens who are passionate about gaming and also parents who go along to play alongside their children</div> <div><div>% OF TOTAL</div><div><div><div>19%</div></div><div><div>14%</div></div></div><div><div>% of users</div><div>% of bookings</div></div></div> <div><div>WHEN</div><div><div><div></div></div>Early afternoons &amp; weekends</div></div> <div><div>HOW LONG</div><div><div><div></div></div>Average usage: <b>1.5 hours</b> at a time</div></div> <div><div>TOP AGE RANGE</div><div><b>47%</b> 30+ yrs.</div></div> <div><div>ESPORTS</div><div><b>15%</b> View esports competitions</div></div>	<div>3. GRATEFUL GUARDIANS</div> <div>This segment is made up of parents who do not have an interest in gaming themselves but whose children do.</div> <div><div>% OF TOTAL</div><div><div><div>8%</div></div><div><div>13%</div></div></div><div><div>% of users</div><div>% of bookings</div></div></div> <div><div>WHEN</div><div><div><div></div></div>Early afternoons &amp; weekends</div></div> <div><div>HOW LONG</div><div><div><div></div></div>Average usage: <b>1.5 hours</b> at a time</div></div> <div><div>TOP AGE RANGE</div><div><b>66%</b> 30+ yrs.</div></div> <div><div>ESPORTS</div><div><b>27%</b> View esports competitions</div></div>	<div>4. FUN WITH FRIENDS</div> <div>These players are motivated by having all their friends in one place, the environment and using the best quality equipment.</div> <div><div>% OF TOTAL</div><div><div><div>42%</div></div><div><div>35%</div></div></div><div><div>% of users</div><div>% of bookings</div></div></div> <div><div>WHEN</div><div><div><div></div></div>Afternoons during weekends &amp; weekdays</div></div> <div><div>HOW LONG</div><div><div><div></div></div>Average usage: <b>2 hours</b> at a time</div></div> <div><div>TOP AGE RANGE</div><div><b>17%</b> 12-15 yrs.</div></div> <div><div>ESPORTS</div><div><b>50%</b> View esports competitions</div></div>	<div>5. PRIVATE PLAYER</div> <div>These gamers use BELONG for some private down time and to unwind playing video games, often filling a gap in the day.</div> <div><div>% OF TOTAL</div><div><div><div>24%</div></div><div><div>19%</div></div></div><div><div>% of users</div><div>% of bookings</div></div></div> <div><div>WHEN</div><div><div><div></div></div>Weekdays &amp; early afternoon</div></div> <div><div>HOW LONG</div><div><div><div></div></div>Average usage: <b>2 hours</b> at a time</div></div> <div><div>TOP AGE RANGE</div><div><b>21%</b> 12-15 yrs.</div></div> <div><div>ESPORTS</div><div><b>50%</b> View esports competitions</div></div>
---	---	--	--	---

# TAILORING BELONG FOR EACH LOCAL COMMUNITY

**1**

Existing arenas are now profiled by the gamer segments they attract. Some arenas over index in gamers from segments 1 and 4, whilst others see a higher proportion of segments 2 and 3.

**2**

For each new arena the population demographics of the city and its population size will be considered to determine the existing arenas that it most closely resembles.

**3**

From this analysis the arena will be assigned a location segmentation to predict the new arena's customer segmentation profile.

**4**

This will determine the build of the arena itself, its programmes and its marketing approach.

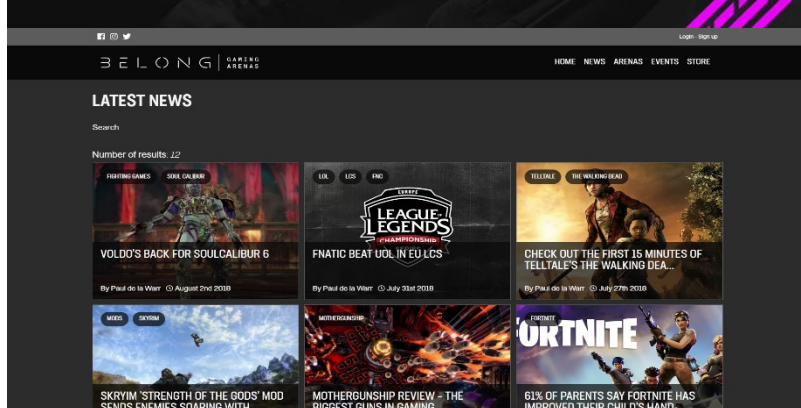
**5**

Every arena's tribe identity cements the arena's community and provides an emotional connection.



# BELONG'S PROGRAMMES ATTRACT AND RETAIN GAMERS

## DIGITAL - BELONG.GG & SOCIAL



- The home of BELONG Gaming arenas featuring news, announcements, events, tournaments and grassroots esports proposition, Arena Clash
- Continued development of the Belong.gg platform with new features focused on services launching in March 2019
- Integrated booking system allows gamers to pre-book time slots in their chosen arena, driving utilisation

## ESPORTS - ARENA CLASH



- Grassroots Arena Clash proposition continues to grow
- Summer finals hosted on main stage of I63
- Winter season delivered 14% growth in participants vs Summer season and 51% growth vs Winter season previous year
- Weekly show distributed on Twitch and Facebook with highlights and player interviews
- A wider range of titles and formats to be introduced in 2019

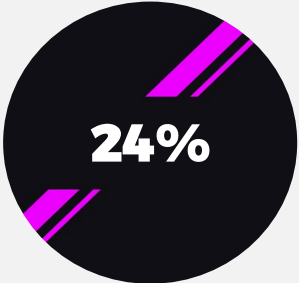
## PLAYERS - ACADEMY



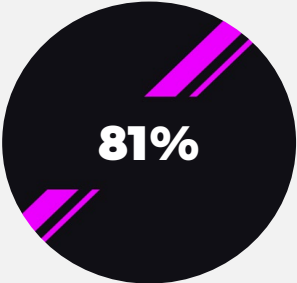
- BELONG Academy proposition to launch in FY 18/19 with 3 key areas of delivery:
  1. Create appropriate training facilities for pro level teams in select locations
  2. Develop and maintain relationships with relevant pro esports teams to generate events and content for BELONG gamers
  3. Recognise and develop exceptional talent in our players, coaches and casters
- Ongoing partnership with Dimensions to introduce autism friendly sessions into selected BELONG arenas

# GROWTH ACROSS COMMERCIAL PILLARS

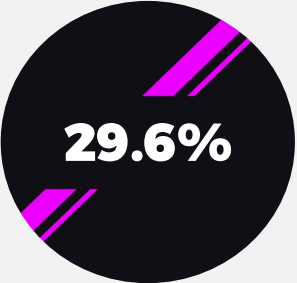
## CUSTOMER



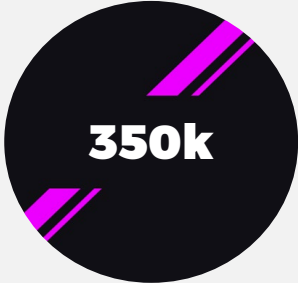
Are new customers to GAME



Growth in unique customers YOY



Average utilisation rate per station in FY 17/18



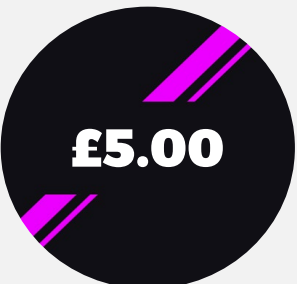
Total gaming hours in FY 17/18



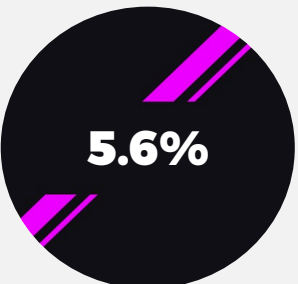
Parties hosted in arenas during FY 17/18



Average annual customer value (Base £151)



Average price per hour at year end



Improved core retail LFL performance in H2

## PARTNER



Plays during publisher supported Destiny 2, FIFA 19 and Call of Duty Black Ops 4 events



1000+ Peripherals provided for arenas through marketing partnership

Official licensed Arena Clash Tournament for Overwatch

### CONTENT AND/OR EVENT AGREEMENTS WITH:





# BELONG'S FOUNDATIONS TODAY

## CURRENT BELONG LOCATIONS

- Bradford
- Bristol Cribbs Causeway
- Bristol City Centre
- Cardiff
- Colchester
- Craigavon
- Gateshead
- Glasgow
- Hull
- Kingston
- London Wardour Street
- London Stratford
- Manchester
- Milton Keynes
- Norwich
- Portsmouth
- Preston
- Plymouth
- Teesside
- West Thurrock
- York



## CORE ELEMENTS OF BELONG PROPOSITION



### 1. VENUES

BELONG Gaming Arenas  
Insomnia Gaming Festival



### 2. INFRASTRUCTURE

Belong.gg Website  
Booking Platform  
Tournament Platform  
Studio & Production



### 3. TOURNAMENTS

BELONG Arena Clash  
BELONG Arena Cups



### 4. PLAYER SUPPORT

BELONG Tribes  
Academy  
Team Partnerships  
Industry & Charity  
Collaborations



### 5. RETAIL

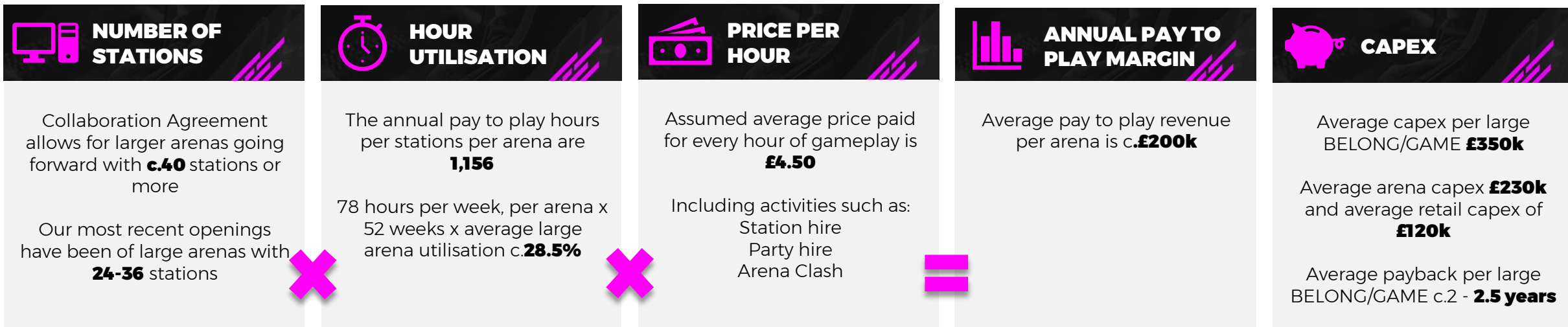
PC Hardware, Accessories &  
Digital  
VR & Merchandise  
Food & Drink



### 6. TEAM

GAME & BELONG Specialist  
Resource

# BELONG ILLUSTRATIVE FINANCIALS



## BUILDING THE NETWORK PERFORMANCE IN 2018/19

- Opening new arenas and growing station count
- Review of pricing across BELONG with trialing of new offers and models
- Trial of subscription model
- Trials on segment specific marketing campaigns, channels and tailored messaging
- New titles added into Arena Clash and local tournaments
- Events and content on weekday daytimes





**RAY KAVANAGH**

CHIEF FINANCIAL OFFICER

# 2017/18: GROUP FINANCIAL SUMMARY

All figures in £m (unless stated)

	2018	2017	VAR, %
<b>Gross Transaction Value (GTV)<sup>1</sup></b>	<b>907.7</b>	<b>891.0</b>	<b>1.9</b>
GTV - Events & Esports	12.2	8.7	40.2
Gross profit rate <sup>2</sup>	21.6%	23.0%	(1.4pts)
<b>Underlying operating costs<sup>3</sup></b>	<b>(186.1)</b>	<b>(197.1)</b>	<b>5.6</b>
<b>Adjusted EBITDA</b>	<b>10.1</b>	<b>8.0</b>	<b>26.3</b>
Adjusted loss before tax	(3.5)	(4.3)	18.6
Net cash from operating activities	7.5	7.7	(2.6)
<b>Net cash</b>	<b>58.7</b>	<b>47.2</b>	<b>24.4</b>

- Group GTV up 1.9% including:
  - Hardware improvement of 17.4%
  - Content/software improvement of 2.3%
  - Events & Esports up 40.2%
  - Preowned down 10.9%
- Gross profit rate decline of 1.4%pts reflects the higher mix of sales from the lower margin Hardware and Digital content, and the decline in Preowned sales
- Strong cost discipline across the Group with over £11 million of savings realised in UK Retail
- Adjusted EBITDA increased by £2.1 million from an improvement of £3.9 million in Events, Esports & Digital.
- Positive cash generation continued in the period
- Group remains well funded with net cash of £58.7 million and facilities of up to £130 million

**STRONG CASH POSITION AND SIGNIFICANTLY HIGHER FACILITIES AVAILABLE**

<sup>1</sup> Gross Transaction Value is a non-IFRS measure defined as total retail receipts and all other Group revenue excluding VAT and before the deduction of loyalty points and other accounting adjustments. GTV reflects the full sales value of digital sales, agency sales, warranties and other similar arrangements and thereby includes the publishers' and sellers' shares of those transactions

<sup>2</sup> Gross profit expressed as a percentage of GTV

<sup>3</sup> Other operating expenses excluding depreciation and amortisation charges, and before exceptional and adjusting items



# GROUP GTV BY CATEGORY

All figures in £m (unless stated)

	2018	2017	VAR, %	
<b>Total Hardware</b>	<b>204.5</b>	<b>174.2</b>	<b>17.4</b>	<ul style="list-style-type: none"> <li>Strong hardware sales supported by Nintendo Switch and stronger relative PlayStation 4 performance</li> </ul>
<b>Total Content</b>	<b>405.2</b>	<b>396.0</b>	<b>2.3</b>	
Physical software	267.4	267.3	0.0	<ul style="list-style-type: none"> <li>Physical software in line with previous year</li> <li>Digital growth driven by popularity of Fortnite in H2</li> </ul>
Digital content	137.8	128.7	7.1	
<b>Total A&amp;O</b>	<b>142.7</b>	<b>146.5</b>	<b>-2.6</b>	<ul style="list-style-type: none"> <li>Growth in console accessories offset decline in Toys-to-Life category</li> <li>Sales across BELONG and Game Esports &amp; Events up 40.2%</li> </ul>
Core A&O	128.9	133.3	(3.3)	
Events & Esports	12.2	8.7	40.2	
Multiplay Digital <sup>1</sup>	1.6	4.5	(64.4)	<ul style="list-style-type: none"> <li>Decline in core driven by software where performance follows mint performance in prior year.</li> <li>Tech also seen a decline in the second half of the year</li> </ul>
<b>Total Preowned</b>	<b>155.3</b>	<b>174.3</b>	<b>(10.9)</b>	
Preowned core	112.4	129.4	(13.1)	
Preowned tech	42.9	44.9	(4.5)	
<b>Total</b>	<b>907.7</b>	<b>891.0</b>	<b>1.9</b>	

**STRONG GROWTH ACROSS HARDWARE, DIGITAL AND EVENTS & ESPORTS**

<sup>1</sup> Multiplay Digital sold on 28 November 2017

# GROUP GROSS PROFIT RATE (AS % OF GTV) BY CATEGORY

	2018	2017	% PT CHANGE	
<b>Hardware</b>	<b>6.7</b>	<b>6.1</b>	<b>0.6</b>	<ul style="list-style-type: none"> <li>Benefitting from the higher margin Nintendo Switch console</li> </ul>
<b>Total Content</b>	<b>22.5</b>	<b>23.4</b>	<b>(0.9)</b>	<ul style="list-style-type: none"> <li>Software margins down 0.3%pts</li> </ul>
Physical software	26.9	27.2	(0.3)	<ul style="list-style-type: none"> <li>Digital margins down from mix of console and non-console sales</li> </ul>
Digital content	14.0	15.5	(1.5)	<ul style="list-style-type: none"> <li>Mix effect from high margin BELONG pay-to-play</li> </ul>
<b>Accessories &amp; Other</b>	<b>30.4</b>	<b>29.6</b>	<b>0.8</b>	<ul style="list-style-type: none"> <li>Preowned margin rate fell 2.8%pts due to decreasing mix of software and old generation products which delivered a higher margin rate</li> </ul>
<b>Preowned</b>	<b>30.8</b>	<b>33.6</b>	<b>(2.8)</b>	
<b>Total</b>	<b>21.6</b>	<b>23.0</b>	<b>(1.4)</b>	<ul style="list-style-type: none"> <li>Overall Group gross profit rate % impacted by higher mix of lower margin hardware and digital and declining sales of preowned</li> </ul>

## HIGHER MARGIN RATES ACHIEVED ACROSS HARDWARE AND ACCESSORIES & OTHER

# GROUP OPERATING COSTS

<b>Group operating expenses<sup>1</sup></b>	<b>2018</b>	<b>2017</b>	<b>VAR, £m</b>
All figures in £m (unless stated)			
Selling & distribution costs	149.1	154.3	(5.2)
Administrative costs	49.3	53.8	(4.5)
<b>Total Operating expenses</b>	<b>198.4</b>	<b>208.1</b>	<b>(9.7)</b>
Less: Underlying depreciation & amortisation	(12.3)	(11.0)	(1.3)
<b>Total Operating expenses before D&amp;A</b>	<b>186.1</b>	<b>197.1</b>	<b>(11.0)</b>
As % of revenue	23.8%	25.2%	

<b>Group continuing costs by division<sup>1,2</sup></b>	<b>2018</b>	<b>2017</b>	<b>VAR, £m</b>
All figures in £m (unless stated)			
<b>Core Retail</b>	<b>179.3</b>	<b>188.6</b>	<b>(9.3)</b>
UK Retail	121.3	132.7	(11.4)
Spain Retail	58.0	55.9	2.1
<i>Spain Retail, €m</i>	<i>65.3</i>	<i>64.8</i>	<i>0.5</i>
<b>Events, Esports &amp; Digital</b>	<b>6.8</b>	<b>8.5</b>	<b>(1.7)</b>

- Significant cost savings and operational efficiencies realised in the UK
- Spain Retail costs up €0.5 million in local currency, largely volume-related, and in sterling this equated to an increase of £2.1 million
- Events, Esports & Digital costs down £1.7 million. Higher costs from the continued expansion of BELONG were offset by savings in GAME Esports & Events and from the sale of Multiplay Digital

**CONTINUED STRONG COST REDUCTION PROGRAMME IN THE UK BUSINESS**

<sup>1</sup> Excludes exceptional and adjusting items

<sup>2</sup> Before depreciation and amortisation



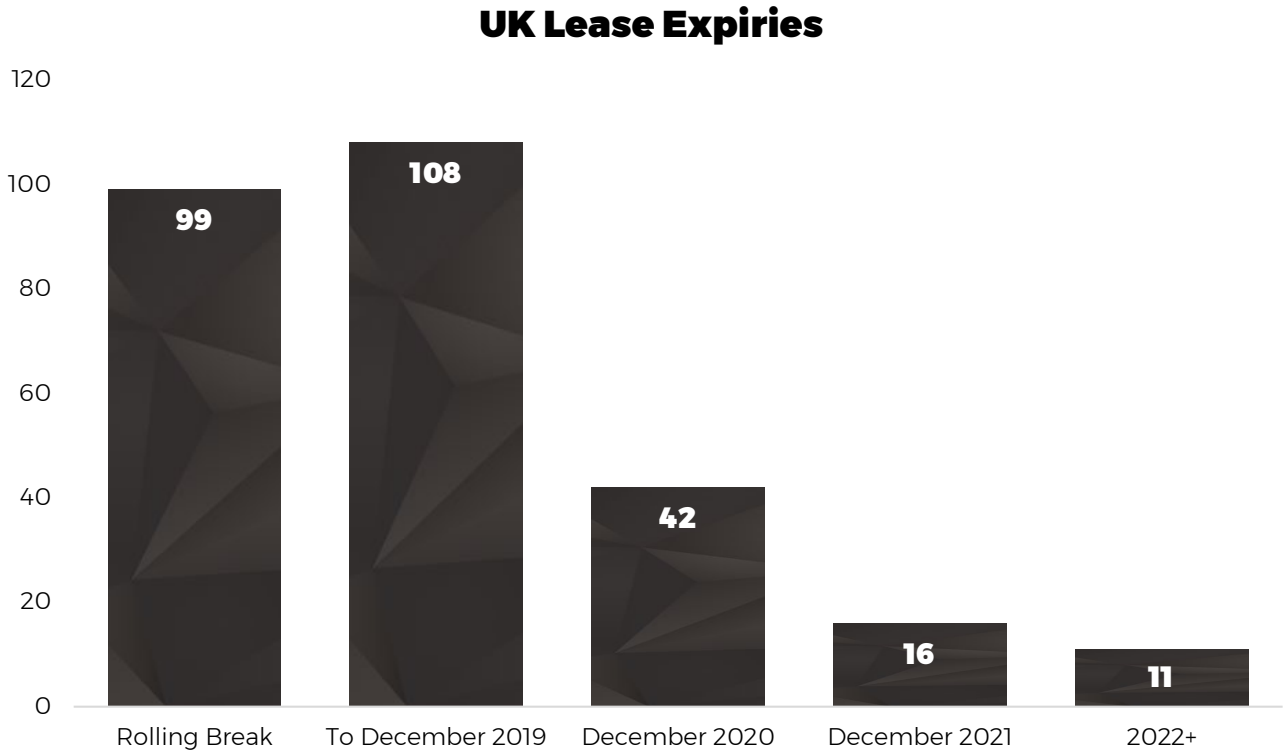
# UK OPERATIONAL EFFICIENCIES & COST SAVINGS CONTINUED

Total UK retail savings £m	H1	H2	TOTAL	
Property (rent & rates)	1.6	1.6	3.2	• Full year savings delivered across the uk of £11.4 million
Payroll	1.6	1.9	3.5	• Organisation structure changes implemented during H2 2018 across stores, distribution and head office will continue to deliver further savings in FY19
Procurement, distribution, efficiency savings and other	1.8	2.9	4.7	
<b>Total</b>	<b>5.0</b>	<b>6.4</b>	<b>11.4</b>	• Further property savings already secured with further opportunities available given the lease flexibility profile

## CONTINUED DELIVERY OF EFFICIENCY INITIATIVES & OTHER COST SAVING ACTIONS

# UK PROPERTY OPTIMISATION PROGRAMME UPDATE

- Successfully realising opportunities to significantly reduce UK estate costs, including 29 store closures in the year
  - Annualised rent reductions of c.£1.7 million realised in the year, and total to date of £3.1 million<sup>1</sup>
- Average length to first break 0.9 years
- Flexible lease profile allows for BELONG growth strategy and to respond to UK retail market conditions
  - 25 leases on zero rent
  - 99 lease events plus 108 potential events before December 2019



<sup>1</sup>Excludes savings achieved on closed stores

# CASH FLOW & NET CASH

All figures in £m (unless stated)

	2018	2017	VAR, £m
<b>Cash generated by operations</b>	<b>12.1</b>	<b>10.0</b>	<b>2.1</b>
Finance costs and tax	(4.6)	(2.3)	(2.3)
<b>Net cash from operating activities</b>	<b>7.5</b>	<b>7.7</b>	<b>(0.2)</b>
Capital expenditure	(10.1)	(11.6)	1.5
Proceeds from sale of property	-	13.3	(13.3)
Disposals of Multiplay & BELONG IP	18.1	-	18.1
Dividends	(1.7)	(5.8)	4.1
Finance leases	(2.2)	(0.2)	(2.0)
Other	(0.1)	0.7	(0.8)
<b>Movement in cash</b>	<b>11.5</b>	<b>4.1</b>	<b>7.4</b>
Opening net cash	47.2	43.1	4.1
<b>Closing net cash</b>	<b>58.7</b>	<b>47.2</b>	<b>11.5</b>

- Strong closing cash position of £58.7 million
- All facilities undrawn at year end, and UK facilities yet to be drawn
- Total available facilities c.£130 million (2017: £77 million)
  - UK ABL facility of up to £50 million, rising to £75 million in peak
  - Additional new facilities in UK of £55 million, provided by SPD (capex facility of £35 million and working capital facility of £20 million)
  - Two year Spanish facilities in place since January 2018, with potential to extend for a further year
  - Working capital and guarantee facilities in Spain of €28 million, rising to €44 million in peak
- Total maximum facilities over peak season of c.£169 million

**STRONG CASH GENERATION**



# CURRENT TRADING & MARKET OUTLOOK

- Positive market performance in first 14 weeks of the year, in both UK and Spain
- UK market driven by strong performance in hardware, digital and accessories
- Non-perennial launches of new software titles (Spider-man and Red Dead Redemption 2) has compensated for slower week 1 sales on perennial titles such as FIFA and Call of Duty
- Key titles still to launch include Pokémon, Fallout 76, Battlefield V and Super Smash Bros
- Both territories primed for peak trading with increased level of exclusives on AAA titles







# MARKET UPDATE

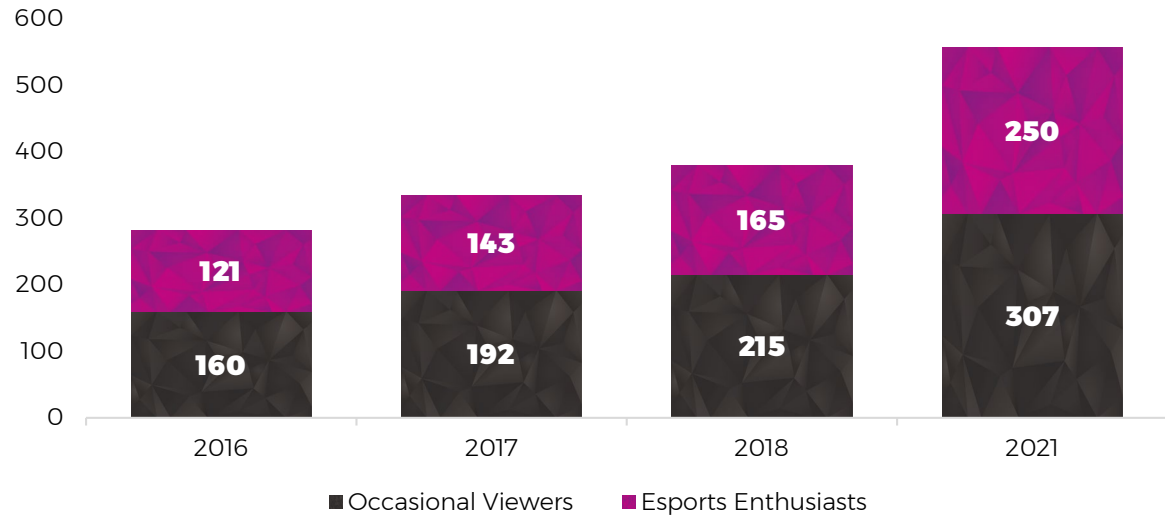
---

GAME DIGITAL PLC | 2017/18 FULL YEAR RESULTS

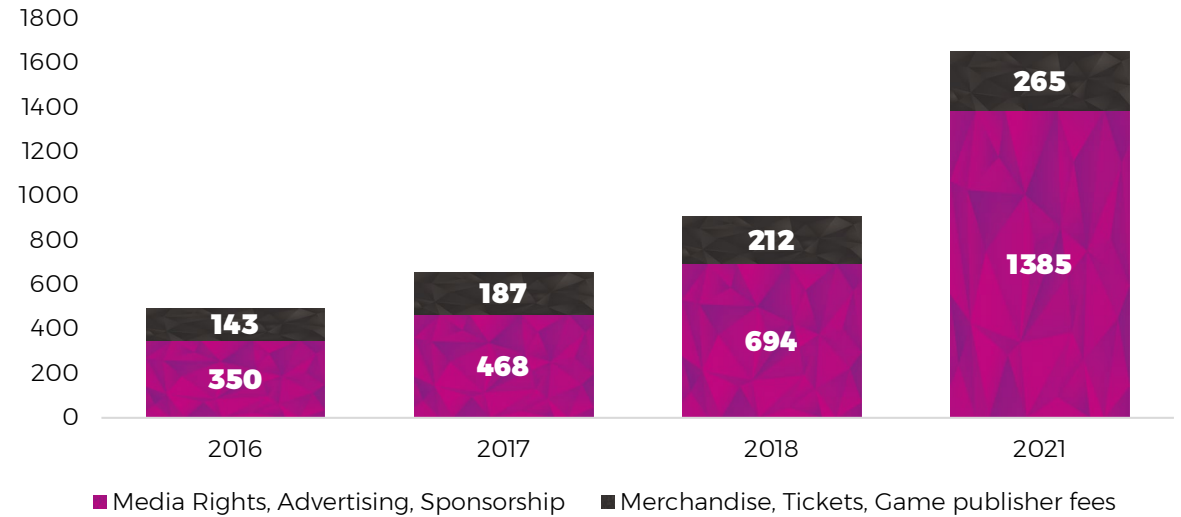


# ESPORTS AND MONETISATION

Global Esports Audience Growth (m)



Global Esports Revenue Growth (\$m)



**1.6 BILLION**  
People aware of esports worldwide in 2018

**+13.8%**  
Growth of global esports audience in 2018

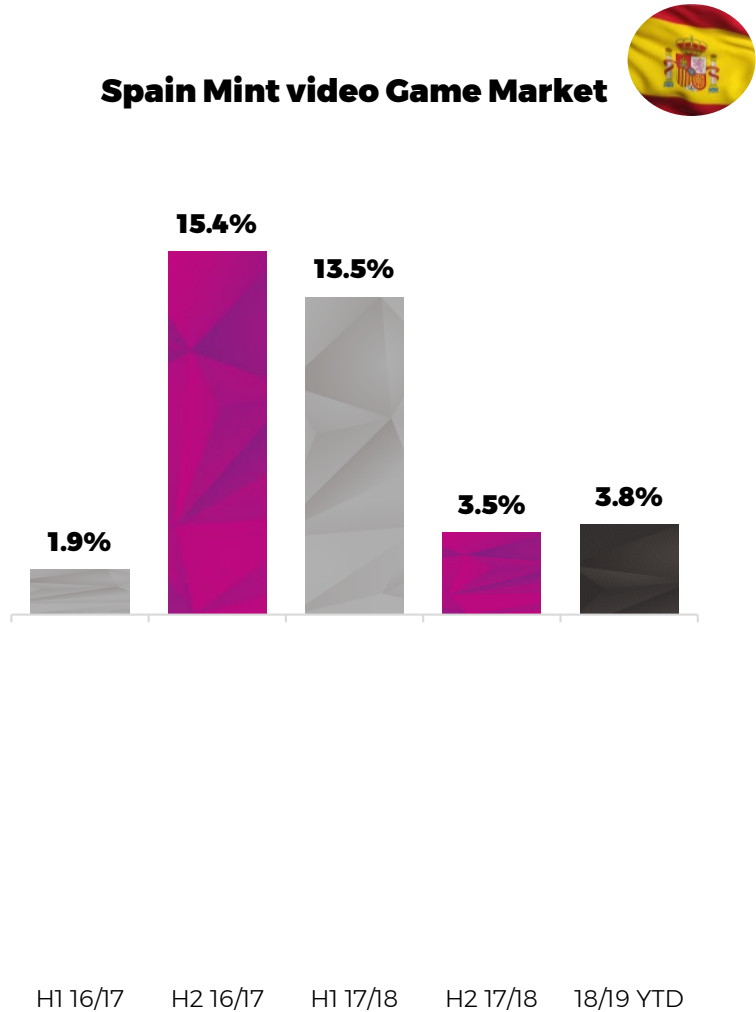
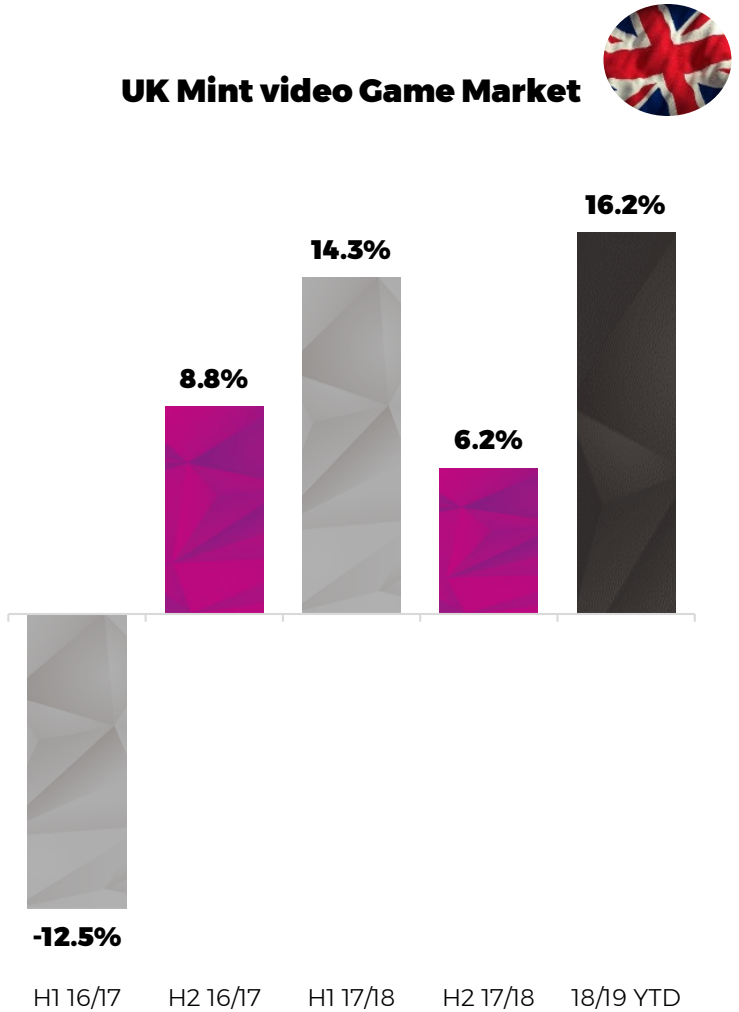
**\$1.65 BILLION**  
Projected esports revenue by 2021

**38.2%**  
Growth of global esports revenue in 2018



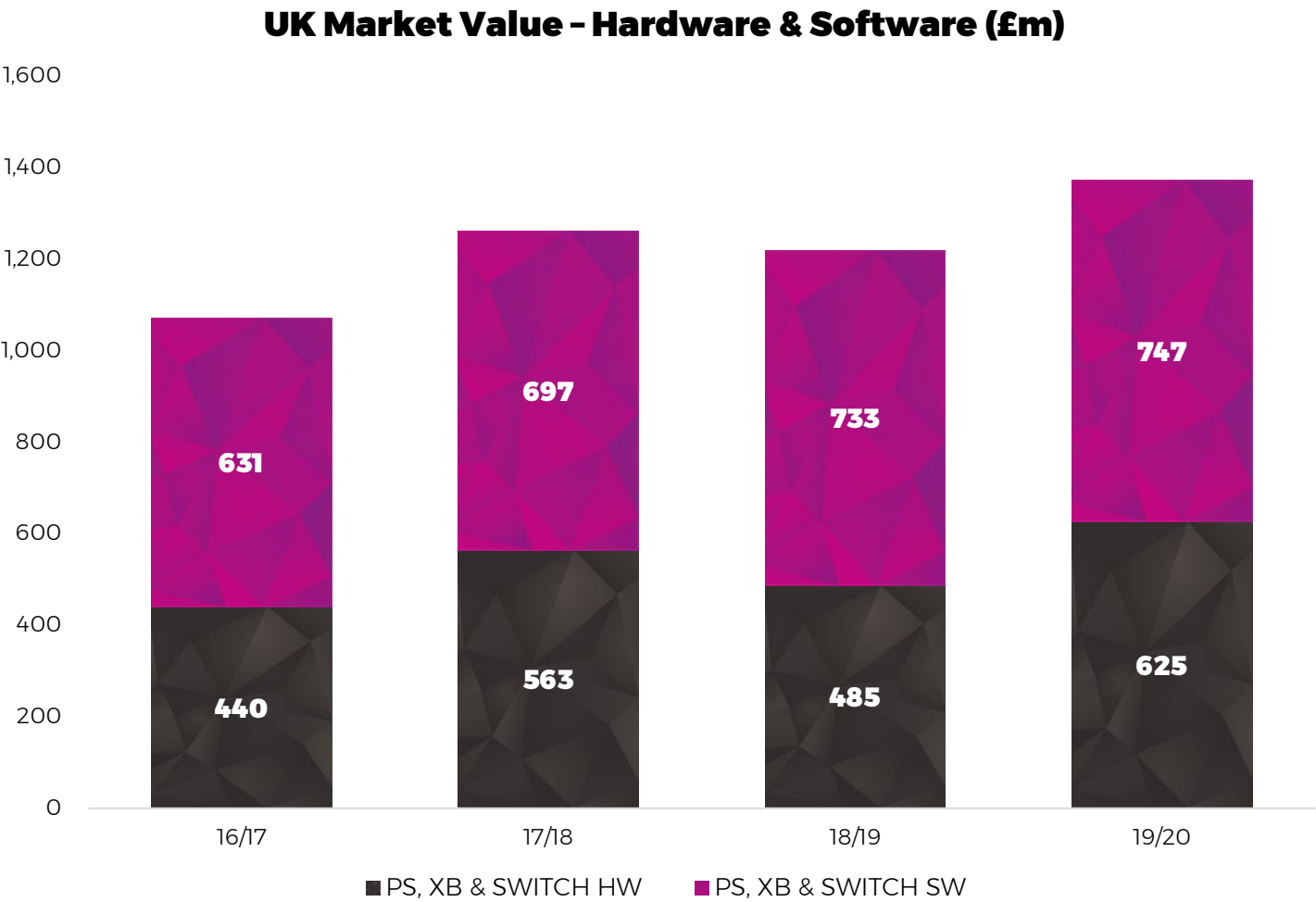
# MARKET UPDATE UK & SPAIN PERFORMANCE

- The UK and Spanish mint console markets have both shown growth in the year:
  - Driven by consumer demand for the PlayStation 4 and Nintendo Switch consoles and software titles
  - In H2, digital currency and console accessories growth driven by Fortnite and other Battle Royale games
  - Similar trends have continued into the new financial year along with an improved performance on software
  - Focus on higher margin categories and improving % margin on lower margin categories

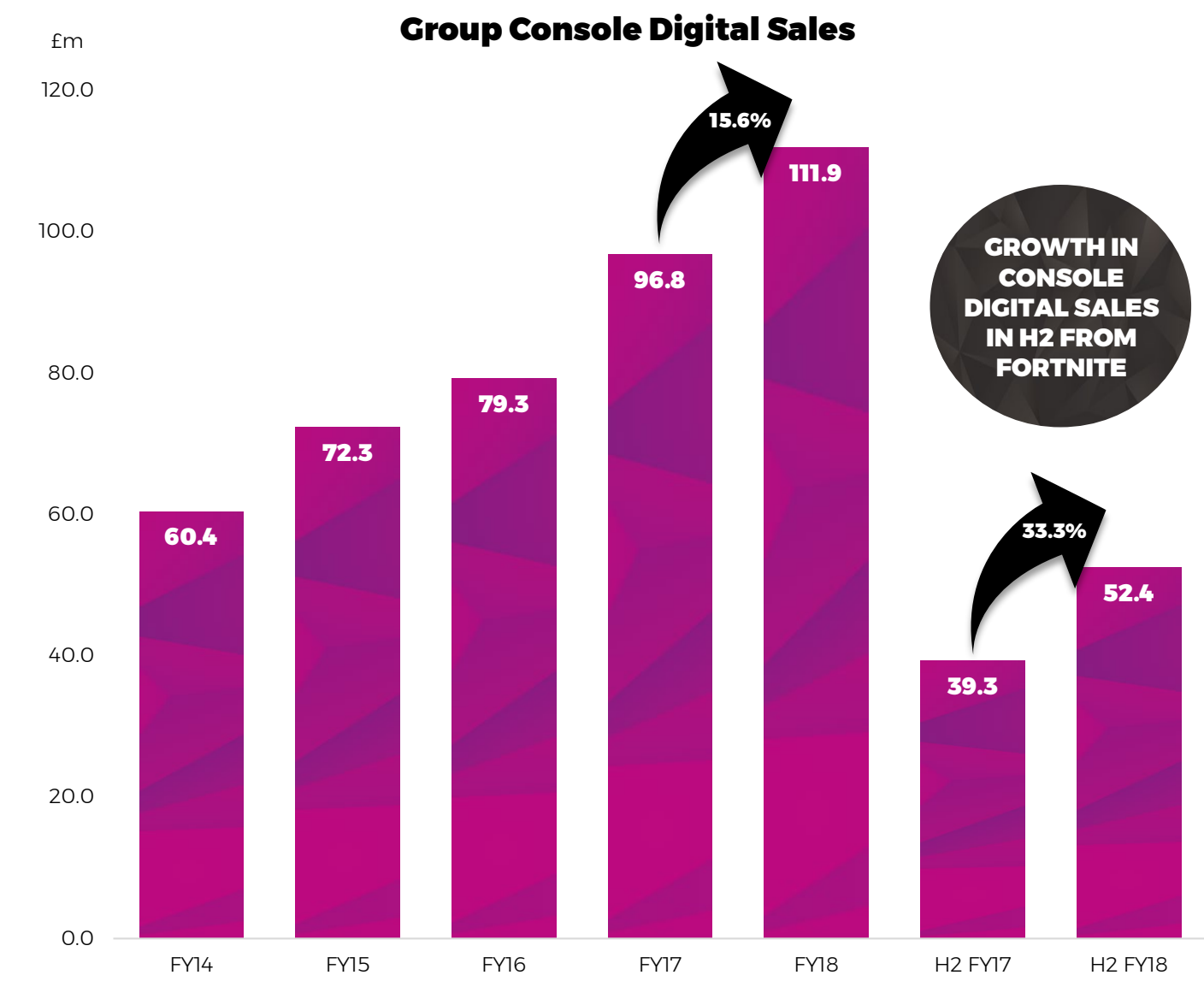


# UK MARKET OUTLOOK

- 18/19 market growth in high margin software category of c.5% in the UK
- 19/20 Hardware growth of c28% in the UK based on market analyst expectation of PS5 launch
- 19/20 overall market value forecast to grow by 13% in the UK



# CONSOLE DIGITAL MARKET DRIVES GAME GROWTH



### SUBSCRIPTIONS

### CURRENCY

### CONTENT

### FULL GAME DOWNLOADS



# MAJOR DRIVERS IN CORE BUSINESS

## ESPORTS & BELONG GROWTH WILL CONTINUE AT PACE

- Revenues are growing exponentially in all areas of esports both from viewership and participation
- Continued transformation of the business through opening more and larger BELONG gaming arenas, increasing station count across the UK

## SIGNIFICANT GROWTH IN CORE CONSOLE CATEGORIES

- Hardware, accessories and digital delivering strong market growth especially through PlayStation 4
- Medium term potential reduction in console ASP's will drive further unit growth
- Software growth driven by new releases and GAME exclusives driving share and margin
- Fortnite driving growth in game players and GAME is fully exploiting the opportunity through digital sales, accessories and licensed merchandise

## MARKET AND CORE BUSINESS CHALLENGES

- Continued reduction in preowned revenues across software and mobile phones
- Continued consumer move to online with GAME continuing to improve multichannel proposition to grow share of the online channel
- Digital downloading continues to grow on the dashboards, GAME countering this by securing increased level of exclusives
- Focus on margin delivery in our hardware proposition through bundles





A photograph of a modern staircase with purple lighting. The stairs lead upwards towards a sign that says 'BELONG'. The walls are dark, and the ceiling has recessed lighting. The overall atmosphere is futuristic and tech-oriented.

BELONG

# **BUSINESS & STRATEGY**

GAME DIGITAL PLC | 2017/18 FULL YEAR RESULTS



# BUILDING THE MOST VALUABLE COMMUNITY FOR GAMERS

## CORE SPECIALIST RETAIL



**GAME**

## BUILDING THE MOST VALUABLE COMMUNITY FOR GAMERS

## MAJOR GAMING EVENTS



**INSOMNIA**  **MULTIPLAY  
EVENTS**

## ESPORTS, BELONG & COMPETITIVE GAMING



**BELONG**  
— GAMING ARENAS —



# GAME CHANGING STRATEGY RECAP: PILLARS & 2019 PRIORITIES



**EXPAND THE GROUP'S LIVE  
AND ONLINE GAMING SERVICES  
FOR CONSUMERS AND  
PUBLISHERS IN ORDER TO  
BUILD CUSTOMER AND GAMER  
ENGAGEMENT AND GENERATE  
INCREMENTAL REVENUES**



**CONTINUE TO IMPROVE OUR  
CORE MULTICHANNEL RETAIL  
BUSINESSES, BASED AROUND  
THE NEEDS AND BEHAVIOURS  
OF CUSTOMERS, IN ORDER TO  
MAXIMISE MARKET POTENTIAL  
AND PROFITABILITY**



**OPTIMISE THE ORGANISATION'S  
EFFICIENCY WHILE INVESTING  
FOR THE FUTURE**

# GAME CHANGING STRATEGY RECAP: PILLARS & 2019 PRIORITIES



**EXPAND THE GROUP'S LIVE  
AND ONLINE GAMING SERVICES  
FOR CONSUMERS AND  
PUBLISHERS IN ORDER TO  
BUILD CUSTOMER AND GAMER  
ENGAGEMENT AND GENERATE  
INCREMENTAL REVENUES**

1. Expansion of BELONG to increase total number of stations and utilisation rate
2. Recruitment of new gamers into the BELONG social gaming network
3. Continued expansion of the Group's locally-based competitive gaming (including Arena Clash) and national esports activities in both the UK and Spain
4. Grow the BELONG online community and unique visitors to Belong.gg
5. Increase the lifetime customer value of every gamer
6. Evaluate potential international opportunities for BELONG
7. Continued growth in awareness of and attendance at Insomnia shows
8. Growth of retail revenues at Insomnia events
9. Growth of third-party contract events
10. First international Insomnia franchise events enacted

# EXPANDING THE GROUP'S LIVE GAMING SERVICES

## LIVE GAMING SERVICES

- Revenue from events & esports grown by 40.2% in FY17/18

## BELONG GAMING ARENAS

- 19 BELONG gaming arenas in operation at year end, with 2 new arenas now open and performing well
- Number of stations at year end totals 368 with an average of 19 per arena
- Launch of arena time payment currency in GAME Wallet and online booking platform

## INSOMNIA GAMING FESTIVAL

- Total annual Insomnia footfall of 126,000 across both Easter & Summer events
- Increased esports / BELONG activity with dedicated and expanded BELONG area at Insomnia and BELONG Arena Clash finals hosted on stage
- Continued evolution of Insomnia to focus more on BELONG and esports
- First International Insomnia launched in Cairo, Egypt with footfall of over 10,000





# GAME CHANGING STRATEGY RECAP: PILLARS & 2019 PRIORITIES



**CONTINUE TO IMPROVE OUR  
CORE MULTICHANNEL RETAIL  
BUSINESSES, BASED AROUND  
THE NEEDS AND BEHAVIOURS  
OF CUSTOMERS, IN ORDER TO  
MAXIMISE MARKET POTENTIAL  
AND PROFITABILITY**

1. Continued progress on the store optimisation programme
2. Continued improvement of profitable online market share
3. Continued expansion of the Group's exclusive proposition across new game releases and licensed merchandise
4. Increasing the number of sign-ups and usage of GAME Reward and GAME Elite
5. Further improving our multichannel proposition
6. Continued progress on business efficiency and cost management programme including the focus on improving returns on marketing investment and store operating efficiency



# CORE MULTICHANNEL RETAIL FOCUS

## 1 Continue to enhance the Group's specialist proposition

GAME **ELITE** GAME **REWARD**



### • Continued improvement of customer loyalty proposition:

- Over 4.5 million active GAME Reward customers in the UK & Spain (Last 12 months)
- 56,000 GAME Elite active members

### • Differentiated GAME Xclusive range:

- 17 out of the top 20 peak software titles with exclusive offering

### • Continued engagement with our community:

- 438 million impressions and 11.4 million engagements across all owned social channels since January 18
- Peak magazine launched with 1.2 million circulation

## 2 Build new categories & services



### • Ongoing development of new categories:

- Continued focus on pay-to-play revenues in BELONG arenas at 100% margin
- Additional focus in both channels on services such as warranties, finance and cares (e.g. disc protection) through new GAME Masters proposition launching in FY19
- Further development of licensed merchandise for gamers on relevant and credible ranges like Fortnite, Pop Vinyls and Totaku figurines
- Increased PC category build through partnership with Yoyotech on hardware and accessories




# CORE MULTICHANNEL RETAIL FOCUS

## 3 Multichannel development & customer journey improvements



**2.1m**  
Registered app users in UK & Spain

**APP DEVELOPMENT**




**20%**  
Increase YOY

**BROWSING & SEARCH**



Purchases over **£150** eligible for PayPal credit

**WAYS TO PAY**



**0.50%**  
increase in YTD mobile conversion

**IMPROVED CHECKOUT**



**80%**  
Reduction in order cancellation queries

**PRE-ORDER SELF SERVICE**



Numerous options added  
Improving conversion

**DELIVERY**



Click & reserve, collect from store & endless range improved

**SERVICES**



In-housed leading to improved SEO conversion

**DIGITAL MARKETING**



# CORE MULTICHANNEL RETAIL FOCUS



## 4 Store estate optimisation

### STORE RECONSTRUCTION

- Exit stores unless significant fixed costs reduction achieved
  - 276 current store estate in the UK
  - 25 leases on zero rent
  - 99 leases on rolling breaks, typically three months
  - Further 108 lease events before December 2019
- Low capex in secondary locations
- Low operating costs in smaller locations
- Capitalise in larger properties on expanding categories
  - console accessories, console digital, PC and accessories

### TO ACHIEVE

- Further negotiating power with landlords
- Space in all major cities and towns
- Cash and facilities to enact property strategy





**BELONG WITH GAME**

Leverage BELONG fully for footfall and experience and deliver a specialist range catering for improved core console proposition with greatly increased engagement with PC gamers.

**MODEL**

- 4,000 - 12,000 sq. ft.
- Efficient hours usage
- 48-100+ gaming stations
- Expanded specialist range
- Bespoke look and feel
- New brand



**SMALL STORE**

Small store offering, a reduced range and task, with less operating and staff costs. Potential concessions in markets where standalone stores are not financially viable.

**MODEL**

- 600 - 1500 sq. ft.
- Cluster management
- 80/20 range
- Low operating costs
- Avg. cost if a concession of £25k
- Payback within 6 - 8 months
- Lighter task levels



# GAME CHANGING STRATEGY RECAP: PILLARS & 2019 PRIORITIES



**OPTIMISE THE ORGANISATION'S  
EFFICIENCY WHILE INVESTING  
FOR THE FUTURE**

1. Maintain strong cash discipline across all areas
2. Realisation of further UK-wide efficiency initiatives and cost saving plans
3. Continued delivery against the property optimisation plan



# OPTIMISING THE ORGANISATION'S EFFICIENCY

<b>1</b> <b>SUPPLIER ARRANGEMENTS</b>	<ul style="list-style-type: none"> <li>• Positive specialist support from publishers, including improved exclusives</li> </ul>
<b>2</b> <b>PROPERTY</b>	<ul style="list-style-type: none"> <li>• 99 lease events plus 108 potential events before December 2019</li> <li>• Annualised rent reductions of c.£1.7 million in the year, and £3.1 million total to date</li> </ul>
<b>3</b> <b>CASH &amp; WORKING CAPITAL</b>	<ul style="list-style-type: none"> <li>• Strong closing cash position for the year of £58.7 million</li> <li>• Total available facilities c.£130 million (2017: £77 million)</li> <li>• Total maximum facilities over peak season of c.£169 million</li> </ul>
<b>4</b> <b>ORGANISATIONAL EFFICIENCY &amp; DESIGN</b>	<ul style="list-style-type: none"> <li>• Implemented changes to stores, distribution and head office that will deliver further savings in FY19</li> </ul>
<b>5</b> <b>OPERATIONAL COSTS &amp; BUSINESS PROCESSES</b>	<ul style="list-style-type: none"> <li>• Strong cost discipline across the Group with over £11 million of savings realised in UK Retail</li> </ul>





# **CLOSING REMARKS**

GAME DIGITAL PLC | 2017/18 FULL YEAR RESULTS



# FUTURE PRIORITIES

## EXPAND THE GROUP'S LIVE AND ONLINE GAMING SERVICES

- Ongoing transformation of our business to a provider of gaming experiences and services
- Increase station count through current and new BELONG arenas and drive utilisation
- Diversify our customer proposition and deliver a world class esports and competitive gaming platform
- Realise the potential of our events business, building profitable and unique events for gamers in the UK and internationally

## CONTINUE TO IMPROVE OUR CORE MULTICHANNEL RETAIL BUSINESSES

- Capitalise on new product launches and maximise current market opportunities
- Utilising BELONG to drive core retail performance and maximise new retail revenue categories
- Continued development of online channel and mobile app, simplifying the customer journey at every point
- Further development of our specialist credentials through exclusives, loyalty schemes and new ranges

## OPTIMISE THE ORGANISATION'S EFFICIENCY WHILE INVESTING FOR THE FUTURE

- Continued focus on cost savings programme throughout FY 18/19
- Gain increased supplier partner support for BELONG gaming arenas and GAME through improved partnership agreements
- Disciplined approach to cash generation and use of capital investment facilities
- Benefit from significant number of negotiated property deals in FY 18/19





A woman with dark hair, wearing a blue and yellow striped shirt and a large black headset with a microphone, is shown in profile. She is holding a black game controller with both hands. In front of her is a computer monitor displaying a video game. The game shows a character with long red hair and a blue cape in the foreground, looking towards a group of people in a lush, green outdoor environment. The scene is brightly lit, suggesting daytime. The background is dark, and there is a small blue light visible on the monitor's bezel.

# QUESTIONS

GAME DIGITAL PLC | 2017/18 FULL YEAR RESULTS





# APPENDIX

GAME DIGITAL PLC | 2017/18 FULL YEAR RESULTS



# GROUP STORE ESTATE

	UK	SPAIN	GROUP
<b>Stores at beginning of the year</b>	<b>304</b>	<b>268</b>	<b>572</b>
Openings	1	2	3
Closures	(29)	(3)	(32)
<b>Stores at the end of year</b>	<b>276</b>	<b>267</b>	<b>543</b>
<i>Relocations</i>	8	1	9
Average years to first break	0.9	1.0	0.9
Average sq. footage	1,233	807	1,028

