News release

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The Rank Group Plc ("Rank" or the "Group")

Preliminary results for the 12 months ended 30 June 2021

Well placed for sustainable growth

Rank (LSE: RNK) is pleased to announce its preliminary results for the 12 months ended 30 June 2021.

Financial highlights

		2020/21	2019/20	Change
Financial KPIs	Group underlying net gaming revenue (NGR)[1]	**£288.2m**	£575.6m	(50)%
	Digital underlying NGR[1]	**£136.3m**	£145.3m	(6)%
	Venues underlying NGR[1]	**£151.9m**	£430.3m	(65)%
	Underlying operating (loss) / profit[1,2]	**£(67.0)m**	£48.4m	(238)%
	Net debt pre IFRS 16	**£49.8m**	£57.0m	(13)%
	Cash and available facilities	**£98.0m**	£125.0m	(22)%
	Underlying (loss)/ earnings per share[2]	**(20.3)p**	6.7p	(403)%
		2020/21	2019/20	Change
Statutory performance	Reported NGR	**£329.6m**	£629.7m	(48)%
	Group operating (loss) / profit	**£(92.9)m**	£21.5m	(532)%
	(Loss) / profit after taxation	**£(72.0)m**	£9.4m	(866)%
	Cash (used in) / generated from operations[2]	**£(21.2)m**	£147.3m	(114)%
	Net debt	**£256.7m**	£297.5m	(14)%
	Basic (loss) / earnings per share	**(16.5)p**	2.5p	(760)%
	Dividend per share	-	2.80p	

1. On a like-for-like ('LFL') basis which removes the impact of club openings, closures, acquired businesses, foreign exchange movements and discontinued operations.
2. Excludes separately disclosed items.

The financial impact of the pandemic

- With 79% of Group revenue being derived from our venues businesses, closures imposed in the Government's response to the pandemic amounting to 59% of available operating days together with capacity constraints, reduced opening hours and other restrictions during the year have had a material impact on the Group, resulting in underlying LFL NGR down 50% on the prior year and an underlying LFL operating loss of £67.0m.

- The Group suffered monthly cash losses of £15.0m, net of the Government's support through the CJRS scheme and business rates relief, during the long periods in which our venues were closed, resulting in net cash outflow from operations of £21.2m in the year.

Successful actions to ensure the Group retains sufficient liquidity

- The strong focus on preserving cash during the pandemic, together with the £70.0m proceeds from the equity raise, the sale of Casino Blankenberge in Belgium for £25.2m and a £13.3m payment from HMRC relating to a Supreme Court case taken by another taxpayer on the gaming duty treatment of free gaming chips have resulted in a closing cash and available facilities of £98.0m as at 30 June 2021. Since the year end, Rank has added a further £25.0m of available facilities through a new two-year Revolving Credit Facility ('RCF').
- As at 30 June 2021, net debt pre IFRS 16 was £49.8m, comprising £119.4m in bank loans offset by cash at bank and in hand of £69.6m.
- The Group is confident that it will continue to meet its liquidity and covenant tests.

Encouraging progress since our UK venues reopened on 17 May

- Revenue in Grosvenor venues in the 13-week period to 15 August has been 19% below the same 13-week period of 2019 (pre-pandemic), with average weekly revenue of £5.7m ahead of cash breakeven level of £4.4m. Since restrictions were eased on 19 July, average weekly revenue has been £6.0m.
- In Mecca, revenue over the same 13-week period was 21% below 2019, with average weekly revenue of £2.6m marginally ahead of the cash breakeven level of £2.4m. Since restrictions were eased on 19 July, average weekly revenue has been £2.7m.
- Digital trading has been in line with expectations since the start of the new financial year, supported by the increasing flow of omni-channel customers through from our venues following reopening.

Other key updates

- A challenging year for the Group's UK facing digital business following the stringent application of affordability restrictions and the impact of closing our venues on omni-channel revenue resulting in LFL NGR declining 6% to £136.3m.
- Regulatory action taken by the Gambling Commission on the acquired Stride business, principally relating to activities prior its acquisition by Rank, resulted in a £5.9m fine, to be appealed by Rank.
- The migration of Mecca to the proprietary technology platform, RIDE, has been postponed until early Q3 2021/22 to ensure a further improvement to affordability journeys that will reduce some of the inevitable friction being experienced by customers. We expect to complete the full migration of the Rank brands to our proprietary platform in Q4 2021/22; marking a major step in delivering on our UK digital ambitions.
- NGR in the Spanish facing digital brands (YoBingo, YoCasino and Enracha) grew 29% on the prior year.
- Several key initiatives have been delivered to further enhance our safer gambling protections for customers, including the rollout of ID scanning technology in Grosvenor casinos, stake and time limits on gaming machines and electronic terminals in both Grosvenor and Mecca, the successful trial of a new risk-based model to better identify potentially at risk play in Grosvenor venues, an enhanced real time customer monitoring tool 'Hawkeye' for our digital brands and significant further investment in our safer gambling team and in mandatory training programmes for all colleagues.

- Over 210,000 free meals delivered to vulnerable members of our local communities and to NHS and emergency service workers, an example of the amazing efforts of our Rank colleagues during the pandemic.
- The next phase of the Group's transformation (Transformation 2.0) is well underway with three-year plans now being implemented for each business unit.
- In light of the severe impact of the pandemic on the business the Board will not be proposing a 2020/21 dividend. The Board is committed to paying a dividend when circumstances permit.

Current trading and outlook

Grosvenor and Mecca venues reopened in England and Wales on 17 May 2021 in line with the UK hospitality sector. Our Scottish Mecca and Grosvenor venues were able to reopen on 17 May other than in Glasgow where reopening was delayed until 6 June. All Scottish venues have been required to close at 10.30pm which was adjusted to 12.30am on 19 July, then on 9 August, the curfew was eventually removed. Social distancing requirements, the mandatory wearing of face masks and hard capacity constraints were removed in England on 19 July.

In Grosvenor's venues, LFL NGR from reopening on 17 May to 15 August 2021 is down 19% on the same 13-week pre-pandemic period in 2019. Average weekly revenue since reopening has been £5.7m, comfortably ahead of our breakeven of £4.4m per week. Revenue in Grosvenor venues outside of London and Scotland is at 98% of 2019 levels and continues to improve with the additional removal of restrictions on 19 July 2021. In London, our nine casinos which historically have accounted for 42% of Grosvenor's revenue, have seen revenue down 40% on 2019 levels and remain challenged by the lack of international tourism, significantly reduced numbers of office workers and the ongoing late night travel challenges for the city's consumers. In Scotland, Grosvenor's five venues have been heavily impacted by the imposition of curfew, trading 43% below 2019 revenue levels since reopening.

Across the Mecca estate, recovery has been slightly slower with LFL revenue down 21% on the same 13-week period in 2019 since reopening on 17 May. Visits are down 34%, partly offset by spend per visit increasing 20%. Since reopening, average weekly revenue has been £2.6m, slightly ahead of our breakeven level of £2.4m. Improvements to the customer proposition including more emphasis on the mainstage bingo game at the expense of interval games, an improved food and beverage offering and a stronger gaming machine estate with a renewal of some of the category B3 and C machines have helped drive this increase in expenditure per visit. The challenge for Mecca is the confidence levels amongst our older customer cohorts to return to indoor hospitality whilst pandemic case numbers remain high and vaccine protection levels remain uncertain.

In Spain, trading in Enracha has continued to improve as regional restrictions on capacity levels, opening hours and food and beverage have gradually been relaxed. Customer demand is strong despite the restrictions, and we are trading profitably.

Rank's digital businesses are delivering revenue in line with our expectations since the start of the new financial year. We expect transformation initiatives to accelerate revenue growth throughout the year. The development of the proprietary platform is now code complete for Mecca which, subject to performance testing, will migrate early in Q3 2021/22, with Grosvenor completing the in-housing of technology before the end of the 2021/22 financial year.

John O'Reilly, Chief Executive of The Rank Group Plc said:

"The year to 30 June 2021 was exceptionally challenging for the Group and, frankly, we are delighted it is over. We are now well into a new financial year with our venues open and trading positively. Good progress is being made in our digital businesses and there is a renewed sense of confidence as we focus on the growth initiatives within our clearly defined transformation programme. Rank was delivering strong revenue and profit growth before the pandemic and the steps we have taken over the last 18 months, particularly in carefully managing our liquidity and developing the transformation plans, will enable the Group to return to that growth trajectory as the impact of the pandemic reduces and consumer confidence for indoor leisure experiences grows.

"I have been hugely impressed by the commitment and character of colleagues right across the Group in supporting each other, providing amazing support to our local communities, front line workers and those who are vulnerable during lockdowns, taking tough decisions where required to protect liquidity and preparing for the gradual removal of pandemic related restrictions.

"Our venues have been performing ahead of our expectations following the easing of restrictions on the UK hospitality sector on 17 May and we anticipate further growth as travel restrictions eventually ease and tourism returns, particularly to London.

"This has been a year of transition for our UK facing digital business. Revenue has disappointed but we have been making good progress with the development of our proprietary technology platform and we will complete the migration of the Rank brands during 2021/22, freeing up development capability to enable much greater agility and speed to market for new and enhanced products, services and digital customer experiences.

"Our long-standing promise to excite and to entertain our customers and to do so safely remains our core purpose. The Government's current review of gambling legislation provides a once in a generation opportunity to deliver the much needed modernisation of existing land-based gambling regulations which date back over fifty years and impose unnecessary restrictions on our ability to meet the needs of today's consumers.

"Cleary there is still some uncertainty how the pandemic will impact our businesses over the next few months, however we are confident that with our leading bingo and casino brands, supported by a proven transformation programme and strengthened balance sheet, we are competitively well placed to benefit as the hospitality sector and its consumers emerge from the pandemic."

Ends

Definition of terms:

- Net gaming revenue ('NGR') is revenue less customer incentives;
- Underlying measures exclude the impact of amortisation of acquired intangibles; profit or loss on disposal of businesses; acquisition and disposal costs including changes to deferred or contingent consideration; impairment charges; reversal of impairment charges; restructuring costs as part of an announced programme; retranslation and remeasurement of foreign currency contingent consideration; discontinued operations and the tax impact of these, should they occur in the period. Collectively these items are referred to as separately disclosed items ('SDIs');
- EBITDA is operating profit before SDIs, depreciation and amortisation and the accounting impact of IFRS 16;
- Underlying earnings per share is calculated by adjusting profit attributable to equity shareholders to exclude SDIs;
- '2020/21' refers to the 12-month period to 30 June 2021 and '2019/20' refers to the 12-month period to 30 June 2020;
- Like-for-like ('LFL') measures have been disclosed in this report to show the impact of impact of club openings, closures, acquired businesses, foreign exchange movements and discontinued operations;
- Prior year LFL measures are amended to show an appropriate comparative for the impact of club openings, disposals, closures and acquired businesses;
- The Group results make reference to 'underlying' results alongside our statutory results, which we believe will be more useful to readers as we manage our business using these adjusted measures. The directors believe that SDIs impair visibility of the underlying performance of the Group's business because these items are often material, non-recurring and do not relate to the underlying trading performance. Accordingly, these are excluded from our non-GAAP measurement of revenue, EBITDA, operating profit, profit before tax and underlying EPS. Underlying measures are the same as those used for internal reports; and
- Venues includes Grosvenor venues, Mecca venues and International venues.

Enquiries

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Photographs available from www.rank.com

Conference Call

There will be a virtual meeting for sell-side analysts and investors at 9:30am GMT today, the details of which can be obtained from FTI Consulting LLP by emailing them at rank.sc@fticonsulting.com.

A replay of the webcast will be made available on the website later. The webcast will be available for a period of six months.

Forward-looking statements

This announcement includes 'forward-looking statements'. These statements contain the words 'anticipate', 'believe', 'intend, 'estimate', 'expect' and words of similar meaning. All statements, other than statements of historical facts included in this announcement, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Group's products and services) are forward-looking statements that are based on current expectations. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance, achievements or financial position of the Group to be materially different from future results, performance, achievements or financial position expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's operating performance, present and future business strategies, and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this announcement. Subject to the Listing Rules of the Financial Conduct Authority, the Group expressly disclaims any obligation or undertaking, to disseminate any updates or revisions to any forward-looking statements, contained herein to reflect any change in the Group's expectations, with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Past performance cannot be relied upon as a guide to future performance.

Business Review

Throughout 2020/21, the COVID-19 pandemic and the UK Government's responses to the crisis have had a very severe impact on the hospitality sector. Rank's venues businesses, which typically account for 79% of Group revenue, were closed for 59% of available operating days and otherwise subject to curfews, capacity constraints and other restrictions. In response to the pandemic, the Group has taken decisive action to protect the business and to prepare for the post-pandemic opportunities when consumer confidence to enjoy indoor leisure and entertainment experiences is restored.

The key priorities for the Rank management team have been:-

- to ensure the Group has sufficient liquidity to emerge from the pandemic in a position of strength;
- to ensure the venues businesses are prepared for their safe reopening for colleagues and customers and for the opportunities that lie ahead;
- to continue the successful development of the proprietary technology platforms in the UK and Spain to drive sustained growth in our digital business;
- to ensure the Group's growth is built on sustainable foundations, particularly in regards continuously enhancing the quality of our people, always seeking to ensure safe gambling experiences for our customers and in continuing to ensure we contribute to our local communities which has been more important than ever during the pandemic;
- to fully engage with the UK Government's review of gambling legislation in seeking modernisation of our outdated gaming legislation which restricts our ability to better meet the needs of our customers in land-based casinos and bingo venues; and
- to ensure the Group has a clear set of key initiatives within Transformation 2.0 which will drive the Group's growth over the coming years and put the Group on the right trajectory to meet its strategic objectives.

Group liquidity

With our venues closed for 59% of the year and the Group incurring monthly cash outflows of £15.0m net of the receipts from the Government's furlough scheme ('CJRS') and equivalent support in Spain, liquidity has been a primary focus. The Group's net trading cash outflow in the year was £21.2m before separately disclosed items.

At 30 June 2021, cash and available facilities were £98.0m, and with venues back open the Group is again generating cash.

On 6 July 2021, the Group signed a new two year £25.0m RCF to provide additional liquidity headroom and the opportunity, when we are confident that the Group is delivering sustainable positive cashflows, to accelerate investment in the transformation plan.

At 30 June 2021, a total of £12.2m of rent was deferred which will be settled over the next 12 months, the majority of which has agreed payment plans. Throughout the year we engaged positively with our suppliers who continued to show support through agreeing reductions in contracted fees whilst our venues were closed, and products and services were not required.

The UK Government's furlough scheme, and its equivalent in Spain, has been critically important to both the Group's cashflow and to our ability to successfully reopen our venues. A total of £70.5m of CJRS receipts was received in the year, including £11.2m relating to claim periods outside of the year. The balance due at year end was £1.2m and this was received in July 2021.

Additional liquidity of £70.0m was raised through an equity placing at 90p per share, a 4% premium to the closing price, which completed on 23 November 2020. Simultaneously, a 12-month extension to the existing bank debt covenant waivers was also secured with the testing of the two bank debt financial covenants (net debt to EBITDA of less than 3x and EBITDA to interest charge of no less than 3x) to resume from the 30 June 2022 testing date. During the waiver period the Group must meet a minimum available cash and available facilities of no less than £50.0m which is tested quarterly.

In January 2021, the Group received a £13.3m duty refund and associated interest following the Supreme Court's decision in favour of another taxpayer on the treatment of free gaming chips. In April 2021, the Group completed the sale of its standalone non-core Belgium casino in Blankenberge to Kindred Group plc for £25.2m of cash.

The Group's total facilities at 30 June 2020 was £55.0m of Revolving Credit Facilities ('RCF'), of which £11.0m was drawn, and a term loan, reduced in the year to £108.4m following a £19.7m scheduled repayment in May 2021.

On 30 June 2021, Rank received the ruling in its favour from the First-tier Tax Tribunal on its claim to be refunded VAT paid on gaming machine income in the period from April 2006 to January 2013. HMRC has 56 days from the date of the judgement to lodge an appeal and agree the exact quantum of the claim; Rank expects that the value will be materially in line with its previous estimate of circa £80.0m.

The Group expects to continue to meet all future liquidity and financial covenant tests.

Business performance

Our venues businesses, Grosvenor, Mecca and Enracha, which accounted for 79% of Group revenue in H1 2019/20, have seen combined like-for-like revenue fall by 65% in the year as the impact of the COVID-19 pandemic and the resultant restrictions heavily impacted the hospitality sector in both the UK and in Spain across the whole financial year. Despite the significant effort to minimise the cost base during the pandemic the Group underlying operating profit[1] fell to an underlying operating loss[1] of £67.0m in 2020/21.

£m	**NGR**			**Operating (loss) / profit**		
	2020/21	2019/20	Change	2020/21	2019/20	Change
Digital	136.3	145.3	(6)%	19.6	27.0	(27)%
Grosvenor venues	79.2	275.9	(71)%	(40.1)	40.2	(200)%
Mecca venues	55.2	127.3	(57)%	(18.5)	6.7	(376)%
International venues	17.5	27.1	(35)%	(0.1)	3.6	(103)%
Central costs				(27.9)	(29.1)	4%
Underlying LFL[1]	**288.2**	**575.6**	(50)%	**(67.0)**	**48.4**	(238)%
Stride	41.1	51.0	(19)%	(16.4)	1.7	(1,065)%
Impact of venue closures and FX[2]	0.3	3.1		(1.1)	(1.0)	
Underlying	**329.6**	**629.7**	(48)%	**(84.5)**	**49.1**	(272)%

1 On a like-for-like ('LFL') basis which removes the impact of club closures, foreign exchange movements and discontinued operations.
2 A full analysis of these adjustments can be found in the Alternative Performance Measures ('APM') section.

Venues

The Grosvenor, Mecca and Enracha venues businesses were all heavily impacted by enforced COVID-19 related closures and other restrictions during the year resulting in overall revenue from the Group's venues falling 65% on the prior pandemic impacted year and 74% down on the pandemic-free calendar year 2019.

Key financial performance indicators

£m	**2020/21**	2019/20	Change
LFL NGR			
Grosvenor	**79.2**	275.9	(71)%
Mecca	**55.2**	127.3	(57)%
International	**17.5**	27.1	(35)%
Underlying LFL operating (loss) / profit[1]			
Grosvenor	**(40.1)**	40.2	(200)%
Mecca	**(18.5)**	6.7	(376)%
International	**(0.1)**	3.6	(103)%
Total NGR			
Grosvenor	**79.2**	275.9	(71)%
Mecca	**55.5**	130.7	(58)%
International	**17.5**	26.9	(35)%
Total underlying operating (loss) / profit[1]			
Grosvenor	**(40.7)**	40.2	(201)%
Mecca	**(18.9)**	6.0	(415)%
International	**(0.2)**	3.3	(106)%
Total operating (loss) / profit			
Grosvenor	**(27.4)**	32.8	(184)%
Mecca	**(22.7)**	5.6	(505)%
International	**(0.8)**	(5.3)	85%

1. Before the impact of separately disclosed items.

Days trading under:	**Grosvenor**	**Mecca**
Normal conditions	0%	0%
Reduced occupancy and social distancing measures	21%	29%
Reduced occupancy, social distancing measures and curfew	13%	13%
Days closed	66%	58%

Grosvenor's venues reopened in August 2020 following the initial national lockdown that was imposed in March 2020. The opening was successful despite ongoing capacity, social distancing and other restrictions and Grosvenor returned to generating cash in September 2020. However, the imposition of a national curfew in late September severely impacted Grosvenor's performance as over half of casino revenue is generated after 10pm. Grosvenor's venues were then forced to close again during the second national lockdown which came in November 2020. In December 2020, we were able to reopen some of our casinos with many required to close under regionally enforced closures. The third national lockdown commenced in early January 2021, forcing the closure of all hospitality venues until 17 May 2021. Consequently, the Grosvenor estate was closed for 66% of the year and, when open, was required to operate very often under opening hour restrictions and always under limited capacity and restricted supply of customer positions at live gaming tables because of social distancing requirements. Unsurprisingly, LFL NGR was materially impacted, down 71% on the prior year at £79.2m and down 78% on pre-pandemic calendar year 2019. Grosvenor consequently recorded a LFL operating loss of £40.1m in the year.

Our Mecca venues were allowed to reopen six weeks prior to casinos in summer 2020 and were able to remain open under some of the regional tiering restrictions which had required casinos to close. As a result, Mecca was closed for 58% of the available days in the financial year. When open capacity constraints and social distancing measures proved additional limitations on the business. Mecca LFL

NGR fell 57% to just £55.2m, down 69% on the pre-pandemic 2019 calendar year, and the business recorded a LFL operating loss of £18.5m.

The Group's International venues, comprising ten Spanish bingo venues, also suffered from severe operating restrictions which resulted in LFL NGR falling by 35% in the year, 51% down on calendar year 2019, and resulting in a small LFL operating loss of £0.1m.

Digital

This was a very challenging year for the UK facing digital business, with financial performance suffering under a combination of enforced affordability restrictions on customers' ability to spend, the extended closure of the Grosvenor and Mecca estates restricting the flow through of customers to digital channels and the financial impact of an enforcement action taken by the Gambling Commission against the Stride business acquired in October 2019. LFL NGR was down 6% in the year with proforma NGR, including Stride, down 17%.

Key financial performance indicators

£m	**2020/21**	2019/20	Change
LFL NGR	**136.3**	145.3	(6)%
Mecca	**68.7**	76.5	(10)%
Grosvenor	**46.5**	52.4	(11)%
Enracha	**1.1**	1.0	10%
Yo	**20.0**	15.4	30%
Underlying LFL operating profit[1]	**19.6**	27.0	(27)%
Total NGR	**177.4**	196.2	(10)%
Mecca	**68.7**	76.5	(10)%
Grosvenor	**46.5**	52.4	(11)%
Enracha	**1.1**	1.0	10%
Yo	**20.0**	15.3	31%
Stride[2]	**41.1**	51.0	(19)%
Total LFL proforma NGR[3]	**177.4**	213.0	(17)%
Total underlying operating profit[1]	**3.2**	28.7	(89)%
Total operating (loss) / profit	**(11.3)**	17.8	(163)%

1. Before the impact of separately disclosed items.
2. Includes post acquisition performance only from 4 October 2019.
3. Includes Stride's pre acquisition performance.

In Q4 of 2019/20, in applying UK Gambling Commission guidance, a very stringent position was adopted in applying affordability checks on customers. This change had a material impact on revenue from higher staking players. Only 9% of customers will provide documentary evidence of the source of their income with most customers choosing to avoid what they consider to be an intrusion into their privacy and simply move their business elsewhere. In online gaming businesses, the inevitable outcome is that players who win can continue to play, largely free from intrusion if they do not show any markers of harm to suggest they may be playing irresponsibly. However, customers who play and lose are quickly restricted unless they can provide proof of income to support their level of expenditure. Throughout the year, improvement to affordability journeys on site and through Customer Relationship Management ('CRM') programmes have worked to reduce, but certainly not remove, the level of friction on customers. As the Mecca and Grosvenor brands migrate onto the proprietary technology platform in 2021/22, significant additional improvements will be delivered through automated journeys further smoothing the impact of affordability checks.

26% of new depositing customers to Grosvenor online were delivered through Grosvenor venues in 2019/20. These omni-channel customers are typically more loyal to the Grosvenor brand, in part because they enjoy the benefits of the single account which enables them to play with their Grosvenor funds both in venues and online as well as deposit and withdraw across channels. This core strength of the Grosvenor proposition was severely impacted by the extent of the closure of Grosvenor's venues in 2020/21. Lockdown in March 2020 sparked an inevitable step up in online revenue from omni-channel customers, but this quickly fell away, and this remained the position throughout the long periods of closure.

The strength of the Mecca brand is more effective in recruiting new online only bingo players than Grosvenor in the online casino market, but Mecca venues provide an important additional flow of customers in the competitive and slower growth UK online bingo market. The closure of Mecca for much of the year also had a downward impact on revenue from omni-channel customers.

2020/21 was the first full year Stride operated in line with Rank's safer gambling standards and consequently proforma NGR declined by 39%. This was a more significant impact than was anticipated at the time of the acquisition, but action was taken very quickly to ensure that the business was compliant.

In March 2020, a routine compliance assessment was carried out by the UK Gambling Commission ('UKGC') regarding Daub Alderney Limited ('Daub'), Stride's licensed entity. The UKGC identified concerns regarding Daub's compliance arrangements in respect of its anti-money laundering and safer gambling controls principally relating to activities prior to its acquisition by Rank. As a consequence, the UKGC levied a £3.0m fine on Daub which Rank does not believe fairly reflects their findings nor takes account of the significant remedial actions taken by Rank following the acquisition. The UKGC has been clear that it is not penalising Rank or suggesting that Rank has been in any way at fault. Rather, the UKGC is merely concerned with the licensed entity, Daub, which it considers should pay a penalty for the identified regulatory breaches regardless of whether they pre-date Rank's ownership of the business. Following an appeal on the size of the penalty to the Gambling Commission's Regulatory Panel, the fine was increased to £5.9m. Rank considers that there are both equity and public policy issues raised by this case and will be seeking an appeal to the First-tier Tribunal.

Good progress has been made in developing the proprietary digital platform for the migration of the Mecca and Grosvenor brands. It is essential we have the appropriate level of sophistication around the platform's affordability and other safer gambling customer journeys, and these are being developed before the migration of Mecca in early Q3 2021/22. Performance testing is well underway for the Mecca migration. Further development will be required for the Grosvenor migration which is expected to complete in Q4 2021/22. The successful completion of the in-house platform will result in the remaining cost synergies from the acquisition being realised, estimated at £6.8m per annum, and will free up significant levels of development capability for the next key priorities in the transformation of the UK facing digital business including improvements in MarTech, in data analytics to drive personalisation of CRM and on-site communication, in product and service developments as well as in continued enhancements to our safer gambling control environment.

Yo's digital bingo and casino offer for the Spanish market grew NGR by 30% in the year. The prior year had seen the bulk of the business's development capability focused on delivering the YoCasino offering which was launched very successfully in December 2019. In 2020/21, the team has made good improvements to the YoBingo mobile and online product and service which has provided a positive impetus and, based on the latest available market share data, has seen online market share grow from 5.5% in Q3 2019/20 to 6.4% in Q3 2020/21. In May 2021, the Spanish Government introduced a number of changes to online betting and gaming regulations, most notably the prohibition of bonuses or incentives of any kind to new customers. This change has had the inevitable effect of reducing new customer volumes, the impact of which continues to be evaluated. Nevertheless, Yo continued to grow revenue in the year to 15 August 2021.

Sustainability

As the attention on Environmental ('E'), Social ('S') and Governance ('G') risks increases across all our stakeholder groups, Rank has conducted an ESG materiality assessment to provide clearer insight into stakeholder perceptions regarding ESG-related risk and opportunities.

Key findings:

- responsible gaming, regulatory compliance, customer privacy and data security, and protecting young and vulnerable customers were of key importance to all of Rank's stakeholder groups;
- employee-related issues were ranked lower than those concerning customers, though still shown to be of high importance;
- environmental issues ranked low in their materiality to the business; and
- community investment ranked lowest in the terms of materiality but was consistently highlighted as a key area of opportunity in the stakeholder interviews.

Over the coming months we will look to launch a new sustainability programme concentrating on mitigating our key ESG risks and how we plan to deliver on the identified opportunities. To support the programme, we have taken the decision to broaden the scope of our safer gambling committee, whilst continuing with its strong focus on safer gambling, the committee will also have oversight of the Group's wider ESG activities.

Our people and the pandemic

Our people have been the real heroes of this year. We have had over 6,700 colleagues on furlough and were very much aware of the potential impact that loss of connection with the Rank family, colleagues and customers, could have on their well-being. To help address this we consciously dialled up engagement through active social media groups, weekly newsletters and direct contact.

Our colleagues made a tremendous contribution to their local communities during the year both through national and individual initiatives. Over 210,000 free meals were cooked from our Grosvenor and Mecca venues for vulnerable members of the local communities and to NHS and emergency service workers, our Mecca colleagues provided over 3,000 hampers for families most in need at Christmas and our colleagues raised over £450,000 for a variety of deserving charities including our charity partner, Carers Trust.

Colleagues also showed huge dedication in delivering a continuous customer contact programme, supporting colleagues in furlough, managing all aspects of liquidity and preparing the business for reopening.

Regulatory update

In December 2020, the UK Government launched its planned review of gambling legislation. The review focuses heavily on online regulation but, encouragingly, it also recognises the need to ensure that the regulation of land-based gambling is appropriate for today's consumer and equitable relative to online regulations.

The review of gambling regulation is likely to be a once in a generation event and it is critical that the needs of today's consumers are fully recognised. In March 2021, we made a detailed submission to the Government's call for evidence, in addition to supporting submissions made through the Betting & Gaming Council and the Bingo Association. Our proposals are all underscored by safer gambling initiatives which recognise the need to couple sensible customer-centric modernisation of regulations with the appropriate level of player protection for those who may be at risk of experiencing gambling related harm. We have focused, in particular, on the opportunities for the land-based casino and bingo sector to pursue a programme of modernisation which could be realised largely through secondary legislation.

For land-based casinos, the 2005 Gambling Act ('2005 Act') created an experiment of 16 new casino licences in the UK, eight of which subsequently opened, operating under different, and more liberal, regulations to those licensed under the 1968 Gaming Act ('1968 Act'). The current review should ensure that the positive learnings from the 2005 Act regulations, and additional developments appropriate for today's consumers, are factored into the new baseline of gambling regulation for land-based casinos. 51 of Grosvenor's 52 casinos are licensed under the 1968 Act and we have recommended that Government considers regulatory change to deliver:

- a more appropriate provision of gaming machines – 1968 Act casinos are restricted to just 20 machines, whilst small category casinos operating under the 2005 Act regulations are able to operate up to 80 depending upon overall customer space and the requirement for a minimum level of non-gaming space;
- the ability to provide electronic table games based on random number generation rather than a physical event, which would enable customers to play a broader range of lower stakes table games;
- the provision of sports betting facilities; and
- the opportunity for consumers to access cashless gaming in a way that recognises the widescale shift towards cashless transactions throughout society.

For land-based bingo, whilst ensuring appropriate levels of player protection remain in place, this is an opportunity for appropriate changes in regulation to remove unnecessary restrictions on consumers, including the requirement that Category B3 machines account for no more than 20% of the total available machine estate in a bingo venue, the restrictions on cashless gaming and other constraints which unnecessarily impinge upon product enhancements for bingo players and restrict the opportunities for operators to innovate the bingo experience.

We are continuing to engage with the Government and other relevant stakeholders as it considers the evidence and formulates its proposals for regulatory reform.

Management changes

UK digital

Following the first phase of the development of the technology platform acquired through the Stride acquisition and the successful migration of the bellacasino brand, Eitan Boyd, formerly Chief Executive of Rank's UK digital business, was appointed the Group's Chief Innovation Officer. Eitan is focused on new growth initiatives for the Group including international opportunities to exploit our proprietary technology.

Subsequently, Jon Martin was appointed Managing Director of Rank's UK digital business. Jon joined Rank in January 2019 as the Group's Digital Finance and Strategy Director supporting the delivery of our transformation plans and the acquisition of Stride Gaming plc. More recently, Jon has been Managing Director of Rank International, which Rank's Chief Executive will now lead for the interim.

Delivering our strategy

Our purpose is fundamental to what we do. It guides our ambition, values, and our overall strategy, providing us with a truly cohesive approach within which to run our business. Despite the challenges caused by the COVID-19 pandemic, the Group remains committed to its current strategy which will present opportunities for revenue and profit growth.

The Group connects it strategy to delivery through its transformation programme, Transformation 2.0, which comprises seven workstreams, all underpinning the Group's six strategic pillars and dynamically focused on growth and sustainable returns over the long term. The transformation programme, provides a framework through which new initiatives and investments are identified, evaluated, prioritised, resourced, developed, implemented and monitored to ensure effective returns are delivered. The seven workstreams are:

- Grosvenor venues;
- Mecca venues;
- Enracha venues;
- Omni-channel;
- Digital;
- Safer gambling; and
- Organisation capabilities.

Strategic update

1. Create a compelling multi-channel offer

In the markets in which we operate, Rank is one of the few gaming companies in a position to provide customers with a genuine multi-channel gaming offer. Our key assets are our 134 venues, our membership-based models, our customer relationships and the high level of engagement that our team members enjoy with our customers.

Activity in the year

- Introduced joint liquidity games into Mecca venues and online.
- Launched single sign up for Grosvenor and improved the Grosvenor One customer journeys for venues customers.
- Installed large sports screens in Grosvenor's Luton and Sheffield casinos to enhance in venue sports offering.
- Launched TheVic.com, a new site for Grosvenor's Victoria London casino, aimed at enriching the in-venue experience and to provide a tailored Victoria casino experience online.

Plans for next year

- Launch Mecca's big money Fortune game once joint liquidity functionality is rolled out across the Mecca venues estate.
- Unify registration across venues and online for Mecca customers.
- Develop microsites for key Mecca venues.
- Enhance functionality of the My Mecca app to deliver greater personalisation.
- Further development to improve omni-channel customer journeys in Grosvenor, particularly as we migrate to the new proprietary platform.
- Enhance our sportsbook proposition in selected Grosvenor venues.
- Develop brand apps to support cashless transactions in venues.
- Multi-channel TV advertising campaigns for both Mecca and Grosvenor.

- Further development of Enracha's omni-channel offer.

2. Build digital capability and scale

We have built strong positions in venues-based gaming which we are seeking to replicate across our digital channels. Before the impact of COVID-19 in 2019/20, our digital operations generated 21% of Group revenue. Across the UK as a whole, digital channels now represent around 52% of the gambling market (excluding the National Lottery), presenting a significant growth opportunity. International growth is also central to the Group's strategy to build digital scale.

Activity in the year

- Successfully migrated the bellacasino brand on to the proprietary platform.
- Continued investment in the proprietary platform in preparation of migrating meccabingo.com and grosvenorcasinos.com.
- Initial improvements to Grosvenor's sport page delivered with further developments to follow.
- Migrated seven brands onto the new Customer Management System ('CMS').
- Launched a new concept Mecca game, Mecca Raffle.
- Investment in Group's technology hub in South Africa and customer services centre in Mauritius to support all digital brands.
- Launched new brand on our non-proprietary platform.
- YoBingo licence for Portugal market obtained, launch planned for H1 2021/22.

Plans for next year

- Migrate meccabingo.com (Q3 2021/22) and grosvenorcasinos.com (Q4 2021/22) onto the proprietary platform.
- Develop new features to our daily retention game alongside other user experience enhancements.
- Optimise marketing effectiveness and scale investment to drive higher levels of customer acquisition.
- Refresh app strategies with a sharper focus on omni-channel and supporting venues experiences.
- Launch new B2B international partnerships where Rank can offer the digital offer to established international gaming venues businesses.

3. Continuously evolve our venues proposition

Our casino and bingo venues provide entertainment for millions of customers each year and generate the majority of the Group's revenue and profits. By continuously evolving our venues (in terms of product, environment and service) and by creating new concepts, we are constantly enhancing the experiences that we offer our customers.

Activity in the year

- Completed the investments at Grosvenor's London Victoria casino which included a new external terrace, The Loft, offering outdoor gaming.
- New enhanced electronic roulette terminals installed across the London casino estate.
- Refreshed Mecca's brand look and feel.
- Trials of Mecca's refreshed mainstage bingo schedule and alternative electronic only interval games launched.
- Mecca's model for enhanced service delivery completed and launched in an initial 11 venues.
- Launched the Mecca Bingo Academy to enhance the focus on enlivening the bingo offer.

Plans for next year

- Refurbishment of further casinos following the success of previous pre COVID-19 investments.
- Launch the new Employee Value Proposition ('EVP') for Grosvenor colleagues.
- Introduce a new food and beverage proposition across Grosvenor estate tailored to each local market.
- Develop a new demand rostering tool for Grosvenor covering all areas of the casino.
- Development of a new concept Mecca venue in Luton.
- Expansion of Mecca's new and improved food and beverage offer to additional venues.
- Further develop improvements for Mecca's core mainstage bingo game.
- Implement new machine management system across the Enracha estate.
- Open our first standalone Enracha Stadium venue.

4. Consistently improve our customer experience through innovation

Our customers are at the heart of our business, and we are always looking for new ways to support and entertain them. We invest in new technologies that drive efficiencies across the Group to the benefit of our customers. We also regularly invest in and introduce innovations that make the customer experience even better – both in our venues and online.

Activity in the year

- Integrated our ID verification tool and the casino's membership system to ensure customers are not delayed unnecessarily when entering our casinos.
- Grosvenor brand proposition research completed and findings to help drive casino investments.
- Launched Reel King Roulette, a first in terms of added bonuses and jackpots for electronic roulette terminals.
- Introduced new technology solutions to drive improvements in table gaming margins.
- Launched a new Mecca app for bookings and food and beverage orders with cashless functionality.
- Carried out customer research completed to validate Enracha's brand positioning and proposition for a new loyalty programme.
- Created a new dedicated innovation team lead by Eitan Boyd as Chief Innovation Officer responsible for driving new growth initiatives and international partnerships.

Plans for next year

- Rollout a new customer experience measurement tool across the Grosvenor estate.
- Rollout of Enracha's loyalty programme.

5. Committed to safe and fair gambling

Millions of customers regularly enjoy the fun and excitement of gambling, but we recognise that a small percentage of customers can be at risk of problem gambling and a smaller number of people can suffer harm through excessive gambling. We recognise the importance of continuous innovation to refine our approach to making gambling as safe as possible. We work to proactively identify and interact with those customers who may be at risk of playing beyond an affordable level, or who show signs of experiencing gambling-related harm.

Activity in the year

- Implemented new functionality for Grosvenor's customer management system ('Neon') in venues, improving customer data for colleagues and enhancing their ability to record and evaluate customer interactions.

- Successful trial of new risk-based model to better identify potential at-risk play in Grosvenor venues.
- Introduced machine loss and time limits at slots and electronic roulette machines in Grosvenor venues.
- Integrated ID scan technology with Neon to ensure we know who is in our casinos at any one time.
- Deployed the Focal Research ALeRT system across the Grosvenor estate for electronic roulette terminals.
- Implemented additional prompts and deposit alerts on Mecca Max electronic touch screen tablets.
- Strict application of affordability controls in digital.
- Carried out a review of customer journeys and processes, to ensure customers receive appropriate safer gambling information to understand the available tools.
- Launched our 'Hawkeye' live monitoring system enabling in the moment identification and interaction with customers.
- Introduced an automated limit for all customers under 25 registering and playing on our digital brands.
- Implemented a new reward and high-value customer policy for venues and digital.
- Continued to develop our approach in Spain, based on learnings from our work in the UK but aligned to a different regulatory regime and customer culture.

Plans for next year

- Rollout a more player centric risk-based affordability assessment model in Grosvenor venues.
- Deliver a real time monitoring tool looking at customer activity and changes in customer play
- Continue our safer gambling cultural assessment work with colleagues.
- Rollout further refreshed safer gambling messaging and communications across Rank businesses.
- Introduce real time view of customer play across all brands and channels to help detect earlier potential at risk customers in venues and online.
- Implement a more robust customer interaction evaluation framework to help inform and evolve our approach to player protection.
- Further develop our holistic and risk-based model for early intervention for potentially at-risk play.

6. Provide an environment which enables our colleagues to develop, be creative and deliver exceptional service

We continue to build a high-performing culture through the engagement and development of colleagues who want to put exciting and entertaining customers at the heart of what they do. We strive for a culture of ownership and transparency that empowers our teams to achieve goals they did not think possible and to be the very best that they can be.

Activity in the year

- Regular colleague communications delivered throughout the year including monthly townhalls, newsletter and Q&A forums.
- Further development of brand and channel sub-cultures to meet the needs of each business unit.

- Strong focus on colleague's mental health throughout the pandemic. A series of events and initiatives were delivered which included the training of 154 mental health first aider and hosting of numerous wellbeing webinars.
- Key international Inclusion and Diversity events were celebrated throughout the year.
- Through Rank's partnership with Women in Hospitality and Leisure ('WiHTL') we were able to offer a variety of personal development masterclasses and a mentoring programme supporting some of our high potential females.
- Continued our engagement with the All-in Diversity Project, an industry driven initiative which benchmarks diversity, equality and inclusion for the global betting and gaming sector.

Plans for next year

- Implement 'Raising Our Game', our new Employee Value Proposition (EVP) across the Grosvenor venues business, to engage our colleagues in delivering a differentiated customer experience.
- Implement best in class service training to support the new Mecca brand proposition underpinning our 'Mecca of the Future' strategy.
- Implement the Talent workstream of Transformation 2.0, ensuring we recruit, develop and retain emerging and top talent.
- Continue to develop a high-performance culture, including understanding the progress being made through our Employee Opinion Survey ('EOS').
- Continue to deliver the Group's inclusion and diversity strategy, including the annual calendar of events and building on the forums that are already in place, such as Families@Rank.
- Ensure colleague facilities are considered in all venue investments.
- Review working environments and facilities for our support office colleagues.

Financial review

Reported net gaming revenue ('NGR')

For the 12-month ended 30 June 2021 NGR decreased by 48% to £329.6m due to the impact of the COVID-19 pandemic on our venues.

Operating profit

In line with NGR, operating profit was adversely impacted by the closures of our venues during the year with the loss of venues NGR resulting in operating profit declining by 532% to an operating loss of £92.9m, reflecting the operational leverage in the business and the impact of the separately disclosed items.

Separately disclosed items ('SDIs')

SDIs are items that are infrequent in nature and/or do not relate to Rank's underlying business performance.

Total SDIs for the year ended 30 June 2021 were £15.7m.

The key SDIs in the year were:

- Integration costs of £2.3m relating to the costs incurred to ready the RIDE proprietary platform, acquired in the Stride acquisition, to migrate the legacy Rank brands in 2021/22;
- Amortisation costs of £11.8m relating to the acquired intangible assets of Stride and Yo;
- Business transformation costs of £5.6m relating to costs arising from the Transformation Programme;
- Venues closure costs of £2.1m relating to the closure of five Mecca venues in the year;
- £23.8m profit on disposal of the Group's Blankenberge casino in Belgium; and
- £13.6m gaming duty refund plus associated interest following the successful conclusion of Rank's reclaim of gaming duty on casino chips provided free of charge by its casinos.

Further details of SDIs can be found in note 3 of the financial statements.

Net financing charge

The £14.4m underlying net financing charge for the year was 7% higher than the prior year due to higher borrowings' issue costs partly offset by a reduction in IFRS 16 lease interest.

Taxation

The Group's effective corporation tax rate in 2020/21 was 15.6% (2019/20: 20.7%) based on a tax credit of £15.4m (excluding impact of rate changes on deferred tax) on underlying profit before taxation. This is lower than the Group's anticipated effective tax rate of 23%-25% for the year as a result of higher than forecasted losses in overseas jurisdictions taxed at lower rates than the UK and higher than forecasted depreciation on assets that do not qualify for capital allowances. Further details on the taxation charge are provided in note 6 to the financial statements.

The effective corporation tax rate for 2021/22 is expected to be 17%-19%, being below the UK statutory tax rate. The tax rate is driven by some overseas profits being taxed at lower rates than the UK.

On a statutory basis, the Group had an effective tax rate of 9.7% (2019/20: 38.8%) based on a tax credit of £10.4m and total loss of £107.3m. This is higher than the effected tax rate on underlying loss because of separately disclosed items which do not result in a tax charge.

Further details of the tax charge are provided in note 5 of the financial statements.

Earnings per share ('EPS')

Basic EPS fell by 760% to (16.5) pence. Underlying EPS was down 387% to (20.1) pence.

For further details refer to note 8 of the financial statements.

Cash flow and net debt

As at 30 June 2021, net debt was £256.7m. Debt comprised £108.4m in term loans, £11.0 in drawn revolving credit facilities and £206.9m in finance leases, offset by cash at bank of £69.6m.

In the period, the Group repaid £19.7m of the term loan in line with the loan's agreed amortisation schedule.

	2020/21 £m	2019/20 £m
Cash (outflow)/inflow from operations	**(21.2)**	147.3
Net cash in respect of provisions and separately disclosed items	**5.9**	24.6
Cash (used in) / generated from operations	**(15.3)**	171.9
Capital expenditure	**(22.2)**	(50.7)
Interest and tax	**(16.3)**	(22.7)
Mergers and acquisitions	**25.2**	(82.2)
Share capital issued	**68.1**	-
Lease principal payments	**(31.8)**	(37.1)
Repayment of loans	**-**	(2.5)
Loan arrangement fees	**-**	(2.9)
Dividends paid	**-**	(32.4)
Others (including exchange translation)	**(0.5)**	(0.2)
Cash inflow / (outflow)	**7.2**	**(58.8)**
Opening net (debt)/cash pre IFRS 16	**(57.0)**	1.8
Closing net debt pre IFRS 16	**(49.8)**	(57.0)
IFRS 16 lease liabilities	**(206.9)**	(240.5)
Closing net debt post IFRS 16	**(256.7)**	(297.5)

Net debt for covenant purposes at 30 June 2021 was £65.5m, a £1.6m decrease from 30 June 2020 as the term loan repayment was partially offset by RCF drawings and a lower level of cash.

Cash tax rate

In the year ended 30 June 2021 the Group had an effective cash tax rate of (1.4)% on underlying loss (35.6% in the year ended 30 June 2020). The cash tax rate differs from the effective tax rate. This is because losses arising in the year do not result in immediate cash repayment.

The Group is expected to have a cash tax rate of approximately (5)% in the year ended 30 June 2022. This is lower than the effective tax rate because of refunds of corporation tax due as a result of loss carry back claims.

Going concern

Based on the Group's cash flow forecasts and business plan, the Directors believe that the Group will generate sufficient cash to meet its liabilities as they fall due for the period up to 31 August 2022. In making such statement, the Directors highlight forecasting accuracy in relation to the level of trading performance achieved in venues and that the venues remain open as the key sensitivities in the approved business plan.

The Directors have considered a downside plan which reflects larger than anticipated disruption to the business due to the pandemic. In this event, the Group will generate sufficient cash to meet its liabilities as they fall due and meet covenant requirements for the period to 31 August 2022.

Alternative Performance Measures

When assessing, discussing and measuring the Group's financial performance, management refer to measures used for internal performance management. These measures are not defined or specified under International Financial Reporting Standards (IFRS) and as such are considered to be Alternative Performance Measures ('APMs').

By their nature, APMs are not uniformly applied by all preparers including other operators in the gambling industry. Accordingly, APMs used by the Group may not be comparable to other companies within the Group's industry.

Purpose

APMs are used by management to aid comparison and assess historical performance against internal performance benchmarks and across reporting periods. These measures provide an ongoing and consistent basis to assess performance by excluding items that are materially non-recurring, uncontrollable or exceptional. These measures can be classified in terms of their key financial characteristics.

Profit measures allow management and users of the financial statements to assess and benchmark underlying business performance during the year. They are primarily used by operational management to measure operating profit contribution and are also used by the Board to assess performance against business plan.

The following table explains the key APMs applied by the Group and referred to in these statements:

APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
Underlying like-for-like ('LFL') net gaming revenue ('NGR')	Revenue measure	NGR	• Separately disclosed items • Excludes contribution from any venue openings, closures, disposals, acquired businesses and discontinued operations • Foreign exchange movements
Underlying LFL operating (loss) / profit	Profit measure	Operating (loss) / profit	• Separately disclosed items • Excludes contribution from any venue openings, closures, disposals, acquired businesses and discontinued operations • Foreign exchange movements
Underlying LFL (loss) / profit before taxation	Profit measure	(Loss) / profit before tax	• Separately disclosed items • Excludes contribution from any venue openings, closures, disposals, acquired businesses and discontinued operations • Foreign exchange movements
Underlying LFL (loss) / profit after taxation	Profit measure	(Loss) / profit before tax	• Separately disclosed items • Excludes contribution from any venue openings, closures, disposals, acquired businesses and discontinued operations • Foreign exchange movements

APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
Underlying (loss) / earnings per share	Profit measure	(Loss)/earnings per share	• Separately disclosed items

Rationale for adjustments – Profit and debt measure

1. Separately disclosed items ('SDIs')

SDIs are items that bear no relation to the Group's underlying ongoing performance. The adjustment helps users of the accounts better assess the underlying performance of the Group, helps align to the APMs used to run the business and still maintains clarity to the statutory reported numbers. The following provides the rationale for treating these items as SDIs.

Further details of the SDIs can be found in the Financial Review and note 3 of the Financial Statements.

2. Contribution from any venue openings, closures, disposals, acquired businesses and discontinued operations

In the prior year, the Group sold five Mecca venues and acquired Stride Gaming plc. In the current year the Group disposed its Blankenberge casino in Belgium and closed five Mecca venues. For the purpose of calculating like-for-like ('LFL') measures their contributions have been excluded from prior year (2019/20) numbers and current year (2020/21) numbers, to ensure comparatives are made to measures calculated on the same basis.

3. Foreign exchange movements

During the year the exchange rates may fluctuate, therefore by using an exchange rate fixed throughout the year the impact on overseas business performance can be calculated and eliminated.

The tables below reconcile the underlying performance measures to the reported measures of the continuing operations of the Group.

£m	**2020/21**	2019/20
Underlying LFL net gaming revenue (NGR)	**288.2**	575.6
Stride Gaming	**41.1**	51.0
Closed/disposed venues	**0.3**	3.4
Foreign exchange ('FX')	**-**	(0.3)
Underlying NGR - continuing operations	**329.6**	629.7

Calculation of comparative underlying LFL NGR

	2019/20
Reported underlying LFL NGR	**585.1**
Reversal of 2019/20 closed venues	2.3
Reversal of 2019/20 FX	(0.3)
Removal of disposed Belgium casino contribution	(8.4)
2020/21 closed/disposed venues	(3.4)
2020/21 FX	0.3
Restated underlying LFL NGR	**575.6**

£m	**2020/21**	2019/20
LFL underlying operating (loss) / profit	**(67.0)**	48.4
Acquired businesses – Stride	**(16.4)**	1.7
Opened, closed and disposed venues	**(1.1)**	(0.8)
Foreign exchange	**-**	(0.2)
Underlying operating (loss) / profit – continuing operations	**(84.5)**	49.1
Separately disclosed items	**(8.4)**	(27.6)
Operating (loss) / profit – continuing operations	**(92.9)**	21.5

Calculation of comparative underlying LFL operating profit

£m	**2019/20**
Reported underlying LFL reported operating profit pre IFRS 16	**42.3**
Reversal of 2019/20 closed venues	(0.6)
Reversal of 2019/20 FX	(0.1)
IFRS 16 impact	7.8
Removal of disposed Belgium casino contribution	(2.0)
2020/21 closed/disposed clubs	0.8
2020/21 FX	0.2
Underlying LFL operating profit	**48.4**

£m	**2020/21**	2019/20
Underlying current tax credit / (charge)	**8.0**	(6.1)
Tax on separately disclosed items	**0.3**	4.6
Deferred tax	**2.1**	(3.7)
Tax credit / (charge)	**10.4**	(5.2)

Pence	**2020/21**	2019/20
Underlying EPS	**(20.1)**	7.0
Separately disclosed items	**3.6**	(4.5)
Reported EPS	**(16.5)**	2.5

Principal risk and uncertainties

Emerging risks

Our risk management processes include the consideration of emerging (including opportunity) risks; horizon-scanning is performed with a view to enabling management to take timely steps to intervene as appropriate.

Our methodology used to identify emerging risks includes reviews with both internal and external subject matter experts, reviews of consultation papers and publications from within and outside the industry and the use of key risk indicators. Throughout the year some new risks have emerged and developed which have been monitored by management and action taken when they started to crystallise. The most significant near-term risk is the forthcoming proposed changes to the gambling regulation as articulated elsewhere in this report. Mitigation has taken the form of ongoing monitoring and risk assessments, ongoing membership and contribution to trade associations, and continuing to build on and maintain relationships with our stakeholders.

The other key emerging near-term risk is the ongoing potential impact of Brexit following the reopening of our venues where the key challenges to the business are the availability of staff and the impact on our F&B supply chain. We have appropriate business continuity arrangements in place for short-term border disruptions affecting the movement of our people and our F&B supplies and are not otherwise over-exposed to the impact of Brexit in this area.

Additionally, we are monitoring medium term emerging environmental and social risks and related reporting requirements, including those in relation to climate change.

Principal risks

Principal risk	**Change in risk impact**	**Risk mitigation strategy**
1. COVID-19 pandemic		
The immediate organisational risks following the COVID-19 outbreak arose primarily as a result of the closure of our venues and offices. Such risks included business continuity and the ability of our technology and IT infrastructure to adapt to sustained working-from-home requirements imposed by governments, colleague and customer welfare, cash flow (liquidity), financing, supply-chain disruption and impact on the ability of the Group to execute its strategic plans. This risk remains in the event of any further national or local lockdowns, which cannot be ruled out at this stage. Following a period of localised lockdowns and the national	Considered high residual risk, but decreasing. Due to the nature of the pandemic and the ongoing uncertainty risk remains high, but is seen to be decreasing in light of the vaccination programme and lifting of restrictions.	**Mitigation in relation to lockdown** The Company has crisis management and resilience planning processes in place. Closure plans were implemented successfully in response to the lockdown and consequential closure of our venues and offices and can be implemented again if and when required. The Company successfully implemented a working-from-home policy in order to ensure that those colleagues and areas of the business less directly impacted from the closure of venues could continue to function notwithstanding Government restrictions. The Company communicates with its employees in a number of a

lockdown that commenced in January 2021, all United Kingdom clubs (with the exception of Glasgow) were permitted to re-open on 17 May 2021, with social distancing and the application of a 10.30pm curfew to casinos in Scotland. Glasgow venues reopened on 6 June 2021. Social distancing in all English venues was removed on 19 July 2021 and the curfew in Scotland was extended to midnight and then removed on 9 August 2021. Social distancing in Scotland was removed on 9 August 2021 and in Wales on 7 August 2021. All Spanish clubs re-opened progressively from April 2021, under a series of regional restrictions, including social distancing, capacity, restrictions on service levels including provision of food and beverage and curfews. Prolonged periods of closure can result in increased risk upon reopening in relation to changes in personnel and the need to refamiliarise colleagues with processes. There is no certainty over whether new Government measures will be reintroduced after they have been lifted, whether on a national and/or localised basis. Furthermore, even after restrictions are lifted, there is a risk of depressed demand in the leisure sector. Customers may also be more reluctant to attend our venues. In response to the COVID-19 pandemic, we have prepared a number of planning scenarios based on a range of assumptions		different ways and during lockdown we increased significantly our communications to our colleagues in order to keep them up to date with developments, our plans and welfare support arrangements. In relation to our customers, the Company developed, and participated in a number of initiatives aimed at ensuring our customers did not feel a loss of community due to the closure of our venues. The Company continued to review its financing arrangements and took action in this regard as appropriate and engaged with its shareholders, banks, suppliers and landlords. We continued to communicate with legislators and regulators throughout lockdown in connection with the measures we have implemented. Government support initiatives have been utilised such as the Coronavirus Job Retention Scheme and UK business rates holiday. All of the above measures can be implemented again if and when required. **Mitigation in relation to reopening** Detailed analysis and modelling, with consideration of all stakeholders' views, went into the formulation of reopening plans. Such plans are flexible to take account of local lockdowns, restrictions being re-introduced, impact on venues of colleague self-isolations, changes in customer demand and other uncertainties that will only be understood with the passage of time. We continue to review the

and potential outcomes. In light of the above, the risk remains of further significant impact on our future operations and cash flows beyond the range of assumptions that have been used to develop the modelled scenarios.		assumptions and modelling work and have revisited our transformation plan. We continue to review our financial covenants and financing options, our property portfolio and supply chain. Detailed analysis and modelling, with consideration of all stakeholders' views, went into the formulation of reopening plans. Such plans are flexible to take account of local lockdowns, restrictions being re-introduced, impact on venues of colleague self-isolations, changes in customer demand and other uncertainties that will only be understood with the passage of time. We continue to review the assumptions and modelling work and have revisited our transformation plan. We continue to review our financial covenants and financing options, our property portfolio and supply chain. We continue to have constructive dialogue with those bodies that influence our markets, including Government and regulators. The importance of such discussions was demonstrated in the process to obtain permission to reopen our venues. The health and safety of our colleagues and customers remains of paramount importance and risk assessments have been an essential part of our reopening plans. We adopted a refreshed approach to training and in-venue customer engagement upon reopening to ensure colleagues are refamilarised with processes and enable the

		business to adapt according to customer feedback. **Digital** In relation to the digital business, which has been largely unaffected operationally by the pandemic, we have continued to focus on the implementation of safer gambling measures.
2. Changing consumer needs (venues)		
Progressive changes over time in consumer spending habits and changes in the macroeconomic environment can result in lower numbers of customer visits.	Considered high residual risk and stable. With the macroeconomic environment and continuous changes in consumer spending habits, there is an ever-increasing need for the Group to focus on assessing the relevance of our customer proposition.	The Group monitors financial performance across the venues. Venues performing adversely are raised for remedial attention with customer satisfaction metrics also being used to monitor venues performance. Changing the venues product and service offering to have greater appeal to today's more leisure-oriented customer is a priority within the transformation programme. This will continue to evolve as there is a better understanding of the ongoing impact of COVID-19 on our customers' habits.
3. Gambling laws and regulations		
Regulatory and legislative regimes for betting and gaming in key markets are constantly under review and can change (including as to their interpretation by regulators) at short notice. These changes could benefit or have an adverse effect on the business and additional costs might be incurred in order to comply.	Considered high residual risk and increasing. With the increased focus of regulators, the risk here is considered to be increasing, and the impact of non-compliance could result in the imposition of licence conditions, the loss of gaming licences and/or fines.	The Group ensures that it: • actively provides and promotes a compliant environment in which customers can play safely; • makes, and participates in, trade representations to political and regulatory bodies to ensure that such stakeholders clearly understand the positive contribution that the business provides to the economy; • works with stakeholders and customers to help public understanding of the gaming offers it provides; and

		• engages with regulators as appropriate and examines the learnings from, and measures adopted by, other operators and sectors of the gambling industry.
4. Health and safety		
Failure to meet the requirements of the various domestic and international rules and regulations relating to the health and safety of our employees and customers could expose the Company (and individual directors and employees) to material civil, criminal and/or regulatory action with the associated financial and reputational consequences.	Considered medium residual risk and stable. It is envisaged that there will be no further immediate changes in standards.	The Company has defined policies and procedures in place which are periodically reviewed and updated as appropriate. The Company requires all colleagues to undertake annual training and more specific training is undertaken as appropriate. Communication plans are in place across the Group. The Health & Safety Committee meets regularly and its attendees include the senior management of the venues business. In addition, the Head of Health & Safety provides updates on health and safety practices to each Risk Committee meeting.
5. Taxation		
Changes in fiscal regimes for betting and gaming in key markets can change at short notice. These changes could benefit or have an adverse effect and additional costs might be incurred in order to comply with any fiscal requirements. Current key risk areas include: • remote gaming duty; • machine gaming duty; and • gaming duty.	Considered low residual risk and stable. It is envisaged unlikely that there will be changes in taxation in the immediate future.	The Group ensures that it: • continues to monitor taxation legislation; • performs regular analysis of the financial impact to the organisation of changes to taxation rates; and • develops organisational contingency plans as appropriate.
6. Integration, transformation and technology projects and programmes		
Key Group projects and programmes could fail to deliver, resulting in missed market opportunities, and/or take longer to deliver, resulting in missed synergies and savings.	Considered medium residual risk and stable. A failure to deliver key strategic projects and programmes impacts on customer loyalty	The Group ensures that projects and programmes: • are subjected to detailed management oversight as well as having sponsorship from a senior-level stakeholder;

	and the strategic growth of the business.	• use a structured and disciplined delivery methodology to ensure that they are robustly managed to achieve their outcome; and • use a comprehensive risk management approach managed by experienced project and programme managers.
7. Business continuity planning and disaster recovery (operational resilience)		
Planning and preparation of the organisation, to ensure it could overcome serious incidents or disasters and resume normal operations within a reasonably short period, is critical to ensure that there is minimal impact to its operations, customers and reputation. Typical disasters might include: natural disasters such as fires and floods, accidents impacting key people, insolvency of key suppliers, negative media campaigns and market upheavals.	Considered medium residual risk and stable. The geographical nature of the operating environment and key risk exposures are known and understood, and the business was able to continue operating notwithstanding the impact of COVID-19.	The Group seeks to develop, embed and refine its approach to incident and crisis management on an ongoing basis in order to proactively manage these incidents. Group business continuity plans have been regularly reviewed for key sites and business areas.
8. Data protection and management		
The inability to adequately protect sensitive customer data and other key data and information assets that could be leaked, exposed, hacked or transmitted would result in customer detriment, formal investigations and/or possible litigation leading to prosecution, fines and/or damage to our brands.	Considered medium residual risk and stable. The Group has developed a robust control environment in relation to customer data controls and the regulatory requirements.	The Group has in place data protection policies and colleague training in order to protect the privacy rights of individuals in accordance with GDPR and other relevant local data protection and privacy legislation (as applicable). These are monitored by an experienced data protection officer to ensure that the business is aware of, and adheres to, industry best practice standards and relevant laws. Technology and IT security controls are in place to restrict access to sensitive data and ensure individuals only have access to the data they need to do their job.
9. Cyber resilience		

Cyber-attacks can disrupt and cause considerable financial and reputational damage to the Group. If a cyber-attack were to occur the Group could lose assets, reputation and business, and potentially face regulatory fines and/or litigation – as well as the costs of remediation. Operations are highly dependent on technology and advanced information systems (such as cloud computing) and there is a risk that such technology or systems could fail, or outages occur.	Considered medium residual risk and stable. Due to the programme of work in place and response to previous incidents and lessons learned this is considered a stable risk for the Group.	We carry out a number of cyber exercises on a regular basis to understand the maturity of controls, with a roadmap of further work planned to enhance them within the current IT estate. A programme of work is ongoing to enhance cyber security and resilience within the IT estate with dedicated, specialist resources.
10. Dependency on third parties and supply chain		
The Group is dependent on a number of third-party suppliers for the operation of its business. The withdrawal or removal from the market of one or more of these third-party suppliers, or failure of these suppliers to comply with contractual obligations, could adversely affect operations, especially where these suppliers are niche.	Considered medium residual risk and stable The third-party operating environment and key risk exposures have changed as a result of COVID-19, but the risk to the business is nevertheless considered stable.	The Group has a central procurement team in place to oversee the process for acquisition of suppliers across the Group together with the development of a supplier risk management framework. Close communication and accountability for relationships within the Group are in place for these suppliers, with business owners required to ensure that contractual requirements are met. Discussions took place with suppliers as a result of the impact of COVID-19, particularly in relation to the closure and then reopening of our venues and understandings were reached in connection with the same.
11. People		
People are pivotal to the success of the organisation and a failure to attract or retain key individuals may impact the Company's ability to deliver on its strategic priorities. A pre-requisite to achieving all of the strategic priorities is ensuring the Company has the right people	Considered medium residual risk and stable. Considered stable as the risk to the business is unchanged, notwithstanding that the impact of COVID-19 cannot be ignored.	A programme of activity is focused on developing diversity across the organisation. A programme of activity is focused on succession planning for the business, particularly at senior levels.

with the right skills, deployed within the right area of the business.		The Company regularly engages with colleagues and reviews its reward propositions. Culture is considered across all transformation workstreams but is also considered across all other workstreams including safer gambling.

Directors' Responsibility Statement

Each of the directors named below confirm that to the best of his or her knowledge:

- The financial statements, prepared under International Financial Reporting Standard (IFRS) as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
- The management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the risk and uncertainties that they face.

The directors of The Rank Group Plc are:

Chris Bell

Chew Seong Aun

Steven Esom

Bill Floydd

Susan Hooper

Katie McAlister

John O'Reilly

Alex Thursby

Karen Whitworth

Signed on behalf of the board on 18 August 2021

John O'Reilly	Bill Floydd
Chief Executive	Chief Financial Officer

Group Income Statement
For the year ended 30 June 2021

	Year ended 30 June 2021			Year ended 30 June 2020 (restated)		
	Underlying £m	**Separately disclosed items (note 3) £m**	**Total £m**	Underlying £m	Separately disclosed items (note 3) £m	Total £m
Continuing operations						
Revenue	**329.6**	**-**	**329.6**	629.7	-	629.7
Cost of sales	**(305.4)**	**-**	**(305.4)**	(363.6)	-	(363.6)
Gross profit	**24.2**	**-**	**24.2**	266.1	-	266.1
Other operating income	**64.4**	**-**	**64.4**	29.0	-	29.0
Other operating costs	**(173.1)**	**(8.4)**	**(181.5)**	(246.0)	(27.6)	(273.6)
Group operating (loss) profit	**(84.5)**	**(8.4)**	**(92.9)**	49.1	(27.6)	21.5
Financing:						
– finance costs	**(14.0)**	**-**	**(14.0)**	(13.8)	-	(13.8)
– finance income	**0.1**	**-**	**0.1**	0.6	-	0.6
– other financial (losses) gains	**(0.5)**	**-**	**(0.5)**	(0.2)	5.3	5.1
Total net financing (charge) income	**(14.4)**	**-**	**(14.4)**	(13.4)	5.3	(8.1)
(Loss) profit before taxation	**(98.9)**	**(8.4)**	**(107.3)**	35.7	(22.3)	13.4
Taxation	**10.1**	**0.3**	**10.4**	(9.8)	4.6	(5.2)
(Loss) profit for the year from continuing operations	**(88.8)**	**(8.1)**	**(96.9)**	25.9	(17.7)	8.2
Discontinued operations - profit	**1.1**	**23.8**	**24.9**	1.2	-	1.2
(Loss) profit for the year	**(87.7)**	**15.7**	**(72.0)**	27.1	(17.7)	9.4
Attributable to:						
Equity holders of the parent	**(87.8)**	**15.7**	**(72.1)**	27.5	(17.7)	9.8
Non-controlling interest	**0.1**	**-**	**0.1**	(0.4)	-	(0.4)
	(87.7)	**15.7**	**(72.0)**	27.1	(17.7)	9.4
(Loss) earnings per share attributable to equity shareholders						
– basic	**(20.1)p**	**3.6p**	**(16.5)p**	7.0p	(4.5)p	2.5p
– diluted	**(20.1)p**	**3.6p**	**(16.5)p**	7.0p	(4.5)p	2.5p
(Loss) earnings per share – continuing operations						
– basic	**(20.3)p**	**(1.9)p**	**(22.2)p**	6.7p	(4.5)p	2.2p
– diluted	**(20.3)p**	**(1.9)p**	**(22.2)p**	6.7p	(4.5)p	2.2p
Earnings per share – discontinued operations						
– basic	**0.2p**	**5.5p**	**5.7p**	0.3p	-	0.3p
– diluted	**0.2p**	**5.5p**	**5.7p**	0.3p	-	0.3p

Group Statement of Comprehensive Income
For the year ended 30 June 2021

	Year ended 30 June 2021 £m	Year ended 30 June 2020 £m
Comprehensive income:		
(Loss) profit for the year	**(72.0)**	9.4
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange adjustments net of tax	**(4.2)**	1.1
Items that will not be reclassified to profit or loss:		
Actuarial gain (loss) on retirement benefits net of tax	**0.2**	(0.1)
Total comprehensive (loss) income for the year	**(76.0)**	10.4
Attributable to:		
Equity holders of the parent	**(76.1)**	10.8
Non-controlling interest	**0.1**	(0.4)
	(76.0)	10.4

Group Balance Sheet
At 30 June 2021

	As at 30 June 2021 £m	As at 30 June 2020 £m
Assets		
Non-current assets		
Intangible assets	504.6	521.0
Property, plant and equipment	117.4	144.6
Right-of-use assets	128.6	145.1
Deferred tax assets	3.6	0.9
Other receivables	5.1	7.0
	759.3	818.6
Current assets		
Inventories	2.0	2.0
Other receivables	16.3	19.6
Government grants	0.8	11.9
Income tax receivable	10.1	1.4
Cash and short-term deposits	69.6	73.6
	98.8	108.5
Total assets	858.1	927.1
Liabilities		
Current liabilities		
Trade and other payables	(126.3)	(142.6)
Lease liabilities	(42.2)	(50.9)
Income tax payable	(3.1)	(2.5)
Financial liabilities – loans and borrowings	(39.4)	(21.7)
Provisions	(5.4)	(3.0)
	(216.4)	(220.7)
Net current liabilities	(117.6)	(112.2)
Non-current liabilities		
Trade and other payables	-	(1.1)
Lease liabilities	(164.7)	(189.6)
Financial liabilities – loans and borrowings	(77.7)	(107.4)
Deferred tax liabilities	(18.3)	(22.5)
Provisions	(16.0)	(15.9)
Retirement benefit obligations	(3.8)	(4.0)
	(280.5)	(340.5)
Total liabilities	(496.9)	(561.2)
Net assets	361.2	365.9
Capital and reserves attributable to the Company's equity shareholders		
Share capital	65.0	54.2
Share premium	155.7	98.4
Capital redemption reserve	33.4	33.4
Exchange translation reserve	14.6	18.8
Retained earnings	92.6	161.3
Total equity before non-controlling interest	361.3	366.1
Non-controlling interest	(0.1)	(0.2)
Total shareholders' equity	361.2	365.9

Group Statement of Changes in Equity
For the year ended 30 June 2021

	Share capital £m	Share premium £m	Capital redemption reserve £m	Exchange translation reserve £m	Retained earnings (losses) £m	Reserves attributable to the Company's equity shareholders £m	Non-controlling interest £m	Total equity £m
At 1 July 2019	54.2	98.4	33.4	17.7	194.3	398.0	-	398.0
Effect of adoption of IFRS 16 Leases	-	-	-	-	(10.8)	(10.8)	-	(10.8)
At 1 July 2019 - Adjusted	54.2	98.4	33.4	17.7	183.5	387.2	-	387.2
Comprehensive income:								
Profit (loss) for the year	-	-	-	-	9.8	9.8	(0.4)	9.4
Other comprehensive income:								
Exchange adjustments net of tax	-	-	-	1.1	-	1.1	-	1.1
Actuarial loss on retirement benefits net of tax	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Total comprehensive income (loss) for the year	-	-	-	1.1	9.7	10.8	(0.4)	10.4
Business acquired	-	-	-	-	-	-	0.2	0.2
Transactions with owners:								
Dividends paid to equity holders (note 7)	-	-	-	-	(32.4)	(32.4)	-	(32.4)
Credit in respect of employee share schemes including tax	-	-	-	-	0.5	0.5	-	0.5
At 30 June 2020	54.2	98.4	33.4	18.8	161.3	366.1	(0.2)	365.9
Comprehensive income:								
(Loss) profit for the year	**-**	**-**	**-**	**-**	**(72.1)**	**(72.1)**	**0.1**	**(72.0)**
Other comprehensive income:								
Exchange adjustments net of tax	**-**	**-**	**-**	**(4.2)**	**-**	**(4.2)**	**-**	**(4.2)**
Actuarial gain on retirement benefits net of tax	**-**	**-**	**-**	**-**	**0.2**	**0.2**	**-**	**0.2**
Total comprehensive (loss) income for the year	**-**	**-**	**-**	**(4.2)**	**(71.9)**	**(76.1)**	**0.1**	**(76.0)**
IFRS 16 adoption deferred tax adjustment	**-**	**-**	**-**	**-**	**3.4**	**3.4**	**-**	**3.4**
Issue of share capital (note 11)	**10.8**	**57.3**	**-**	**-**	**-**	**68.1**	**-**	**68.1**
Transactions with owners:								
Debit in respect of employee share schemes including tax	**-**	**-**	**-**	**-**	**(0.2)**	**(0.2)**	**-**	**(0.2)**
At 30 June 2021	**65.0**	**155.7**	**33.4**	**14.6**	**92.6**	**361.3**	**(0.1)**	**361.2**

Group Statement of Cash Flow

For the year ended 30 June 2021

	Year ended 30 June 2021 £m	Year ended 30 June 2020 £m
Cash flows from operating activities		
Cash (used in) generated from operations (see note 13)	**(15.3)**	171.9
Interest received	**0.1**	0.8
Interest paid	**(15.0)**	(16.4)
Tax paid	**(1.4)**	(14.0)
Net cash from operating activities	**(31.6)**	142.3
Cash flows from investing activities		
Purchase of intangible assets	**(15.9)**	(18.0)
Purchase of property, plant and equipment	**(6.3)**	(32.7)
Proceeds from sale of business	**25.2**	-
Deferred consideration	**-**	(2.3)
Purchase of subsidiaries (net of cash acquired)	**-**	(85.5)
Proceeds from sale of investments	**-**	5.6
Net cash used in investing activities	**3.0**	**(132.9)**
Cash flows from financing activities		
Issue of share capital	**68.1**	-
Dividends paid to equity holders	**-**	(32.4)
Repayment of term loans	**(19.7)**	(50.0)
Repayment of acquired loans	**-**	(2.5)
Drawdown of term loans	**-**	128.1
Drawdown of RCF	**11.0**	-
Lease principal payments	**(31.8)**	(37.1)
Loan arrangement fees	**-**	(2.9)
Net cash used in financing activities	**27.6**	3.2
Net (decrease) increase in cash, cash equivalents and bank overdrafts	**(1.0)**	12.6
Effect of exchange rate changes	**(0.5)**	(0.2)
Cash and cash equivalents at start of year	**71.1**	58.7
Cash and cash equivalents at end of year	**69.6**	71.1

1. General information, basis of preparation and accounting policies

General information

The consolidated financial statements of The Rank Group Plc ("the Company") and its subsidiaries (together "the Group") for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 18 August 2021.

The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in England and Wales under registration number 03140769. The address of its registered office is TOR, Saint-Cloud Way, Maidenhead, SL6 8BN.

The Group operates gaming services in Great Britain (including the Channel Islands), Spain and India.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and Company financial statements are set out below. These policies have been consistently applied to all periods presented, except where noted below.

Basis of preparation

The consolidated and Company financial statements have been prepared under the historical cost convention.

Statement of compliance

The consolidated and Company financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Going concern

In adopting the going concern basis for preparing the financial information, the Directors have considered the circumstances impacting the Group during the year, including the trading performance for the venues since re-opening in accordance with Government guidance, the budget for 2021/22 and long range forecast approved by the Board, and have reviewed the Group's projected compliance with its banking covenants and access to funding options for the 12 months ending 31 August 2022.

The Directors recognise that there continues to be a greater level of forecasting uncertainty at this time caused by the impact of the COVID-19 pandemic on consumer sentiment, Government policy and the overall impact on consumer demand. Notwithstanding this, the Directors have taken confidence in the performance of the Group since venues reopened, and also note the continued success of the vaccine rollout in line with the UK Government's targets. This consequently led to the decision to remove all social distancing restrictions in England, where the majority of the Group's venues are located, on 19 July 2021, and the removal of restrictions in Wales from 7 August 2021 and in Scotland from 9 August 2021.

The Directors have reviewed and challenged management's assumptions on the resumption of trading in the Group's venues and digital forecast. Key considerations are the assumptions on the levels of revenue achieved in comparison to pre-COVID-19 levels, the growth in digital trading performance and that there are no further lockdowns in the base case assumptions. Management's base case assumptions and the latest performance against those assumptions are as follows:

Venues	Outcome to date
Grosvenor venues	
Venues are open from 1 July 2021 with revenue levels returning on average to 95% of pre-COVID-19 levels by June 2022, and above pre-COVID-19 levels by June 2023.	All clubs (with the exception of Glasgow) were permitted to re-open on 17 May 2021, with social distancing and, in Scotland only, the application of a 10.30pm curfew. Glasgow venues reopened on 6 June 2021. The curfew in Scotland was extended to midnight on 19 July 2021. Social distancing in all English venues was removed on 19 July 2021. Social distancing in Scottish venues was removed on 9 August 2021 and in Welsh venues on 7 August 2021. Actual performance has been slightly ahead of the base case prepared

	for reopening.
Mecca venues	
Venues are open from 1 July 2021 with revenue levels returning on average to 95% of pre-COVID-19 levels by June 2022, and above pre-COVID-19 levels by June 2023.	All clubs (with the exception of Glasgow) were permitted to re-open on 17 May 2021, with social distancing. Glasgow venues reopened on 6 June 2021. Social distancing in all English venues was removed on 19 July 2021. Social distancing in Scottish venues was removed on 9 August 2021 and in Welsh venues on 7 August 2021. Actual performance has been in line with the base case prepared for reopening.
Enracha venues	
Venues are open from 1 July 2021 with revenue levels returning on average to 95% of pre-COVID-19 levels by June 2022, and above pre-COVID-19 levels by June 2023.	All clubs re-opened progressively from April 2021, under a series of regional restrictions, including social distancing, capacity, restrictions on service levels including provision of food and beverage, and curfews, which vary by region. Actual performance has been in line with the base case prepared for reopening (notwithstanding the ongoing restrictions).

Digital	Outcome to date
The digital businesses deliver double digit growth in FY22.	Actual performance has been in line with base case.

The key base case assumptions on cost are substantially within management control and are as follows:

- Payroll costs are forecast at pre-COVID-19 levels, adjusted for increases in the National Minimum Wage, with offsets from the CJRS in line with the current scheme rules where applicable, and an inflationary pay rise is awarded in October 2021
- Rent due during the 2021/22 financial year is paid on time. Rent deferrals from the 2020/21 financial year are paid by the end of 2021/22
- All tax and duty is paid on time
- Capital expenditure is £40.0m
- Standard payment terms are assumed for supplier payments
- Allowance is made for one-off costs in relation to the business transformation programme and in the event that a small number of club closures are made

The base case contains certain discretionary costs within management control that could be reduced in the event of a revenue downturn. These include reductions to overheads, reduction to marketing costs, reductions to the venues' operating costs and reductions to capital expenditure.

The committed financing position in the base case within the going concern assessment period is that the Group continues to have access to the following committed facilities:

- Term loan of £108.4m which reduces to £78.8m in May 2022 due to a scheduled loan repayment
- Revolving credit facilities ("RCF") of £80.0m

The plan also assumes that no additional funding is raised during the plan period, and that the proceeds from the VAT duty case, estimated at £80.0m, are not received by the Group within the going concern period. At the date of approval of the financial statements, the term loan was £108.4m and the £80.0m RCF was undrawn.

In undertaking their assessment, the Directors also reviewed compliance with the renegotiated banking covenants that temporarily replace the normal tests with a minimum liquidity test of £50.0m that is tested quarterly in June, September and December 2021 and in March 2022 ("Revised Covenants"), and the normal banking covenants which are applicable from 30 June 2022, when the covenant testing reverts back to being on a six-monthly basis. The Group expects to meet the Revised Covenants and its normal banking covenants at 30 June 2022.

Sensitivity Analysis

The base case plan reflects the Directors' best estimate of the future prospects of the business. A number of plausible but severe downside risks, including consideration of possible mitigating actions, have been modelled with particular focus on the potential impact to cash flows, cash headroom and covenant compliance throughout the going concern period. The potential impact on the Group of a combination of scenarios over and above those included in the plan has also been tested. The main downside risk is:

COVID-19: Continued disruption due to the pandemic. Two downside cases have been modelled, each of which assumes more widespread business interruption with the effects of a lower return to pre-COVID-19 trading levels due to lower consumer sentiment and, in the second scenario, the emergence of new variants which would result in a closure in accordance with Government guidance over the winter months. The two downside scenarios modelled are:

(i) venues trading only returning to 75% of pre-COVID-19 levels over the period of review, and

(ii) all venues trade in line with base case until October 2021 but then are closed from November 2021 to February 2022, re-opening from March 2022 at 75% of pre-COVID-19 levels.

Having modelled the downside scenarios, the indication is that the Group would continue to meet its Revised Covenants, albeit with lower headroom, in both cases. In the more severe downside scenario reflecting a four-month closure, covenant headroom is limited before the impact of mitigating actions within managements control are reflected which further increases headroom. Furthermore, in both downside scenarios, the Group would also meet its normal banking covenants at the 30 June 2022 test date when they again apply.

Accordingly, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period at least through 31 August 2022. For these reasons, the Directors continue to adopt the going concern basis for the preparation of these financial statements and in preparing the financial statements they do not include any adjustments that would be required to be made if they were prepared on a basis other than going concern.

Accounting policies

(a) Standards, amendments to and interpretations of existing standards adopted by the Group

The following accounting standards, interpretations, improvements and amendments have become applicable for the current period:

- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)' as published by the IASB on 31 March 2021, which extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 April 2021.

The Group has not been materially impacted by the adoption of the above standards and amendments and has not early adopted any standard, amendment or interpretation that was issued but is not yet effective.

(b) Standards, amendments to and interpretations of existing standards that are not yet effective

The Group has not early adopted any standard, amendment or interpretation that was issued but is not yet effective.

2. Segment information

	Year ended 30 June 2021					
	Digital £m	**Grosvenor Venues £m**	**Mecca Venues £m**	**International Venues £m**	**Central Costs £m**	**Total £m**
Continuing operations						
Statutory revenue	**177.4**	**79.2**	**55.5**	**17.5**	**-**	**329.6**
Other operating income	**-**	**45.3**	**18.2**	**0.3**	**0.6**	**64.4**
Underlying operating profit (loss)	**3.2**	**(40.7)**	**(18.9)**	**(0.2)**	**(27.9)**	**(84.5)**
Separately disclosed items	**(14.5)**	**13.3**	**(3.8)**	**(0.6)**	**(2.8)**	**(8.4)**
Segment result	**(11.3)**	**(27.4)**	**(22.7)**	**(0.8)**	**(30.7)**	**(92.9)**
Finance costs						**(14.0)**
Finance income						**0.1**
Other financial gains						**(0.5)**
Loss before taxation						**(107.3)**
Taxation						**10.4**
Loss for the year from continuing operations						**(96.9)**

	Year ended 30 June 2020 (Restated)*					
	Digital £m	Grosvenor Venues £m	Mecca Venues £m	International Venues £m	Central Costs £m	Total £m
Continuing operations						
Statutory revenue	196.2	275.9	130.7	26.9	-	629.7
Other operating income	0.2	19.3	7.8	0.8	0.9	29.0
Underlying operating profit (loss)	28.7	40.2	6.0	3.3	(29.1)	49.1
Separately disclosed items	(10.9)	(7.4)	(0.4)	(8.6)	(0.3)	(27.6)
Segment result	17.8	32.8	5.6	(5.3)	(29.4)	21.5
Finance costs						(13.8)
Finance income						0.6
Other financial losses						5.1
Profit before taxation						13.4
Taxation						(5.2)
Profit for the year from continuing operations						8.2

* Results for the year ended 30 June 2020 include the acquisition of Stride Gaming plc ('Stride') from 4 October 2019 within the Digital segment. Comparative results for International Venues have been restated to exclude Blankenberge Casino Belgium following its sale during the year.

2. Segment information (continued)

To increase transparency, the Group has decided to include additional disclosure analysing total costs by type and segment. A reconciliation of total costs, before exceptional items, by type and segment is as follows:

	Year ended 30 June 2021					
	Digital	**Grosvenor Venues**	**Mecca Venues**	**International Venues**	**Central Costs**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Employment and related costs	**20.5**	**85.1**	**38.5**	**11.4**	**19.5**	**175.0**
Taxes and duties	**42.2**	**21.4**	**14.4**	**1.5**	**0.6**	**80.1**
Direct costs	**53.0**	**10.6**	**8.8**	**2.5**	**-**	**74.9**
Property costs	**0.9**	**3.4**	**0.2**	**0.5**	**1.6**	**6.6**
Marketing	**35.4**	**2.0**	**3.5**	**0.3**	**-**	**41.2**
Depreciation and amortisation	**13.7**	**32.9**	**16.4**	**1.5**	**5.8**	**70.3**
Other	**8.5**	**9.8**	**10.8**	**0.3**	**1.0**	**30.4**
Total costs before separately disclosed items	**174.2**	**165.2**	**92.6**	**18.0**	**28.5**	**478.5**
Cost of sales						**305.4**
Operating costs						**173.1**
Total costs before separately disclosed items						**478.5**

	Year ended 30 June 2020*					
	Digital	Grosvenor Venues	Mecca Venues	International Venues	Central Costs	Total
	£m	£m	£m	£m	£m	£m
Employment and related costs	22.0	109.3	45.1	15.1	18.1	209.6
Taxes and duties	44.3	61.5	23.8	1.6	1.4	132.6
Direct costs	47.6	20.8	15.1	1.7	-	85.2
Property costs	1.0	10.1	6.5	0.8	0.5	18.9
Marketing	34.7	9.6	5.5	1.6	-	51.4
Depreciation and amortisation	11.0	31.8	23.9	2.1	5.9	74.7
Other	7.1	11.9	12.6	1.5	4.1	37.2
Total costs before separately disclosed items	167.7	255.0	132.5	24.4	30.0	609.6
Cost of sales						363.6
Operating costs						246.0
Total costs before separately disclosed items						609.6

* Results for the year ended 30 June 2020 include the acquisition of Stride Gaming plc ('Stride') from 4 October 2019 within the Digital segment. Comparative results for International Venues have been restated to exclude Blankenberge Casino Belgium following its sale during the year.

3. Separately disclosed items

	Year ended 30 June 2021 £m	Year ended 30 June 2020 £m
Continuing operations		
Integration costs	**(2.3)**	(2.6)
Amortisation of acquired intangible assets	**(11.8)**	(9.6)
Property related provisions	**(0.2)**	(10.2)
Business transformation costs	**(5.6)**	-
Closure of venues	**(2.1)**	-
Gaming duty refund	**13.6**	-
Impairment charges	**-**	(37.9)
Profit on disposal of venues	**-**	1.8
Profit on disposal of investments	**-**	2.1
Acquisition related costs	**-**	(1.4)
Pay provision	**-**	4.9
VAT claim	**-**	25.3
Separately disclosed items (1)	**(8.4)**	(27.6)
Other financial gains	**-**	5.3
Taxation (see note 5)	**0.3**	4.6
Separately disclosed items relating to continuing operations	**(8.1)**	(17.7)
Separately disclosed items relating to discontinued operations		
Profit on sale of business	**23.8**	-
Total separately disclosed items	**15.7**	(17.7)

(1) It is Group policy to reverse exceptional costs in the same line as they were originally recognised.

Integration costs
One-off fees and directly associated costs with the integration of business acquisitions are charged to the income statement. Such items are material, infrequent in nature and are not considered to be part of the underlying business performance.

In the current year, £2.3m of costs have been excluded from underlying operating results of the Group. These costs have been incurred to ready the RIDE proprietary platform, acquired in the Stride acquisition, to migrate the legacy Rank brands over the coming year.

In the prior year, costs of £2.6m were excluded from the underlying operating results of the Group.

Amortisation of acquired intangible assets
Acquired intangible assets are amortised over the life of the assets with the charge being included in the Group's reported amortisation expense. Given these charges are material and non-cash in nature, the Group's underlying results have been adjusted to exclude the amortisation expense of £11.8m (2020: £9.6m) relating to the acquired intangible assets of Stride and YoBingo.

Property related provisions
In the prior year, and as a result of the COVID-19 lockdown, the Group determined it was probable that they will be required to make payments under a property arrangement for which the liability will revert to the Group if the tenant defaults. A provision of £10.2m was recognised, being the present value of the amount expected to be paid over the remaining term of the lease.

In the current year, and as a result of assessing the present value of the amount expected to be paid over the remaining term of the lease, the Group raised this provision by £0.2m, increasing the total provision held by the Group to £10.4m.

This is a material, one-off provision and as such has been excluded from underlying results.

3. Separately disclosed items (continued)

Business transformation costs
This is a multi-year change programme for the Group focused around revenue growth, cost savings, efficiencies and ensuring the key enablers are in place. The transformation programme started in January 2019 and was expected to last 3 years, however in light of COVID-19, the timeframe has been extended to 2023. The multi-year change programme is a material, infrequent programme and is not considered to be part of the underlying business performance.

In the current year, £5.6m of costs are excluded from the underlying performance of the Group, including redundancy costs and the write off technology assets.

The total costs incurred to date by the Group on the business transformation programme is £16.4m.

Closure of venues
During the year the Group made the decision not to reopen five Mecca venues because appropriate lease renewal terms could not be reached with landlords. £2.1m of costs relating to these venues, including dilapidation repairs and redundancy costs directly attributed to these venues, have been expensed in the year. This is a material, one-off provision and as such has been excluded from underlying results.

Gaming duty refund
During the year, the Group successfully concluded the legal process to reclaim gaming duty on casino chips provided by the casino to the player free of charge relating to the period from 2006 to 2013. This followed a judgement for another casino operator, which stated that free chips should not be included in the calculation of gross gaming yield for gaming duty purposes. The amount recognised of £13.6m is the gaming duty claim of £13.3m plus interest received of £0.3m. These have been removed from underlying operating results as they are material, infrequent in nature and do not represent underlying performance. This income is classified within operating costs which is where the costs were previously deducted.

Impairment charges
There has been no impairment charge recognised in the current year.

In the prior year, following the closure of venues as a result of the COVID-19 outbreak, the Group recognised impairment charges of £13.9m relating to five Grosvenor venues, £15.7m relating to 41 Mecca venues and £8.3m relating to five International venues. These non-cash charges are material and not expected to occur every year and as such have been disclosed separately to allow comparability between periods and to reflect the underlying performance of the business.

Profit on disposal of venues
In the prior year the Group recognised a net credit of £1.8m as a result of the sale of five Mecca venues. Such profits are not expected to occur every year and as such it has been excluded from the underlying results.

Profit on disposal of investments
In the prior year the Group sold an investment for cash consideration of £5.6m and a profit of £2.1m.

Acquisition related costs
Fees and directly associated costs of potential or actual acquisitions are charged to the income statement. As such items are material, infrequent and not considered to be part of the underlying business, they are excluded from the underlying performance of the Group.

In the prior year there were £1.4m of one-off costs relating to the acquisition of Stride.

Pay provision
In the year ended 30 June 2019, the Group made a £8.0m provision for the ongoing HMRC investigation into breaches of the National Minimum Wage regulations. The Group reached agreement with HMRC in early 2020 for total costs of £3.1m resulting in a provision release of £4.9m. All costs have been settled. As these are material, infrequent items and do not form part of the underlying business performance, they are removed from the underlying results.

VAT claim
In the prior year, the Group successfully concluded the legal process to reclaim VAT paid on slot machines between 2002 and 2005. The total amount recognised of £25.3m is the VAT claim of £25.2m plus protective VAT assessment of £1.0m offset by advisor fees of £0.9m. A further £5.0m is recognised as a separately disclosed item within net financing income. These have been removed from underlying operating results as they are material, infrequent in nature and do not represent underlying performance.

3. Separately disclosed items (continued)

Finance income / costs and other finance losses and gains relating to specific items
Those finance charges or credits associated with (1) VAT claims and (2) revaluation and retranslation of foreign currency denominated contingent consideration are material and considered to relate to liabilities that are not part of the underlying performance of the business. The Group's underlying results have therefore been adjusted to remove these items.

In the prior year, £5.0m of finance income relates to interest on the successful VAT claim and £0.3m relates to foreign exchange gains on the remeasurement of contingent consideration.

The related tax impact of all the above items is also not considered to be part of the underlying operations of the Group.

Profit on sale of business
During the year the Group sold the Blankenberge Casino in Belgium for cash consideration of £25.2m and a profit of £23.8m. Such profits are not expected to occur every year and as such it has been excluded from the underlying results.

4. Financing

	Year ended 30 June 2021 £m	Year ended 30 June 2020 £m
Continuing operations		
Finance costs:		
Interest on debt and borrowings[2]	**(4.0)**	(3.7)
Amortisation of issue costs on borrowings[2]	**(2.2)**	(1.2)
Interest payable on leases	**(7.8)**	(8.9)
Total finance costs	**(14.0)**	(13.8)
Finance income:		
Interest income on net investments in leases	**0.1**	0.1
Interest income on short-term bank deposits [2]	**-**	0.5
Total finance income	**0.1**	0.6
Other financial losses	**(0.5)**	(0.2)
Total net financing charge before separately disclosed items	**(14.4)**	(13.4)
Separately disclosed items - other financial gains	**-**	5.3
Total net financing charge	**(14.4)**	(8.1)

[2] Calculated using the effective interest method.

Other financial losses include foreign exchange losses on loans and borrowings.

Separately disclosed items - other financial gains for the year ended 30 June 2020 includes £5.0m interest income received from the successful VAT claim and £0.3m of gains recognised on contingent consideration payable as a result of the acquisition of QSB Gaming Limited ('YoBingo').

5. Taxation

	Year ended 30 June 2021 £m	Year ended 30 June 2020 £m
Current income tax		
Current income tax – UK	**6.7**	(4.2)
Current income tax – overseas	**(0.1)**	(2.5)
Current income tax on separately disclosed items	**(0.9)**	(1.3)
Amounts over provided in previous period	**1.4**	0.6
Total current income tax credit (charge)	**7.1**	(7.4)
Deferred tax		
Deferred tax – UK	**4.9**	(1.2)
Deferred tax – overseas	**2.7**	0.1
Restatement of deferred tax due to rate change	**(5.3)**	(2.4)
Deferred tax on separately disclosed items	**1.2**	5.9
Amounts under provided in previous period	**(0.2)**	(0.2)
Total deferred tax credit	**3.3**	2.2
Tax credit (charge) in the income statement	**10.4**	(5.2)

Tax on separately disclosed items

The taxation impacts of separately disclosed items are disclosed below:

	Year ended 30 June 2021			Year ended 30 June 2020		
	Current income tax £m	**Deferred tax £m**	**Total £m**	Current income tax £m	Deferred tax £m	Total £m
Integration costs	**0.4**	**0.1**	**0.5**	0.4	-	0.4
Amortisation of acquired intangible assets	**-**	**1.1**	**1.1**	-	1.1	1.1
Property related provisions	**-**	**-**	**-**	1.9	-	1.9
Business transformation costs	**1.0**	**-**	**1.0**	-	-	-
Closure of venues	**0.3**	**-**	**0.3**	-	-	-
Gaming duty refund	**(2.6)**	**-**	**(2.6)**	-	-	-
Impairment charges	**-**	**-**	**-**	2.4	5.0	7.4
Profit on disposal of venues	**-**	**-**	**-**	-	(0.2)	(0.2)
Pay provision			**-**	(0.2)	-	(0.2)
VAT claim	**-**	**-**	**-**	(4.8)	-	(4.8)
Finance costs and other financial gains	**-**	**-**	**-**	(1.0)	-	(1.0)
Tax (charge) credit on separately disclosed items	**(0.9)**	**1.2**	**0.3**	(1.3)	5.9	4.6

Tax effect of items within the statement of changes in equity

	Year ended 30 June 2021 £m	Year ended 30 June 2020 £m
Deferred tax credit (charge) on employee share schemes	**0.1**	(0.1)
Deferred tax credit (charge) on adoption of IFRS 16 Leases	**3.4**	(1.6)
Total tax credit (charge) on items within the statement of changes in equity	**3.5**	(1.7)

5. Taxation (continued)

Tax effect of items within other comprehensive income

	Year ended 30 June 2021 £m	Year ended 30 June 2020 £m
Current income tax (charge) credit on exchange movements offset in reserves	**(0.2)**	0.1
Total tax (charge) credit on items within other comprehensive income	**(0.2)**	0.1

Factors affecting future taxation
UK corporation tax is calculated at 19.00% (year ended 30 June 2020: 19.00%) of the estimated assessable profit for the period. Taxation for overseas operations is calculated at the local prevailing rates.

On 3 March 2021, the Chancellor of the Exchequer announced the increase in the main rate of UK corporation tax from 19.00% to 25.00% for the year starting 1 April 2023. This change was substantively enacted on 24 May 2021.

The rate increase will increase the amount of cash tax payments to be made by the Group.

6. Discontinued operations

(a) Description

On 29 October 2020, the Group announced the decision by the Board that it had entered into a contract of sale in respect of its Blankenberge Casino in Belgium, a wholly owned subsidiary. The sale of Blankenberge Casino was subject to regulatory approvals by the Belgium Gaming Commission and Blankenberge City Council.

With all regulatory approvals obtained, the sale completed on 1 April 2021, and therefore has been reported as a discontinued operation at 30 June 2021. Financial information relating to the discontinued operation for the period to the date of disposal is set out below:

(b) Financial performance and cash flow information

The financial performance and cash flow information presented for the nine months ended 31 March 2021, and the year ended 30 June 2020.

	Nine months ended 31 March 2021 £m	Year ended 30 June 2020 £m
Revenue	**4.6**	8.4
Cost of sales	**(0.7)**	(1.9)
Gross Profit	**3.9**	6.5
Other operating costs	**(2.4)**	(4.5)
Underlying operating profit	**1.5**	2.0
Taxation	**(0.4)**	(0.8)
Underlying profit for the period from discontinued operations	**1.1**	1.2
Gain on sale of the subsidiary after taxation	**23.8**	-
Profit for the period from discontinued operations	**24.9**	1.2
Net cash inflow from operating activities	**4.9**	0.8
Net cash inflow from subsidiary	**4.9**	0.8

6. Discontinued operations (continued)

(c) Details of the sale of the subsidiary

	Nine months ended 31 March 2021 £m
Enterprise value	**25.0**
Working capital	**0.2**
Total proceeds	**25.2**
Less:	
Assets held for sale	**(0.6)**
Provision for warranties	**(0.8)**
Transaction costs	**(0.1)**
Foreign exchange	**0.1**
Gain on sale	**23.8**

In the event that the provision for warranties is not called upon over the five-year period, this amount will be released to the profit and loss account as additional profit on sale.

We do not expect any tax to arise on the disposal as any gain on disposal is covered by the substantial shareholding exemption.

The carrying value of the assets and liabilities at the date of the sale are shown below in accordance with IFRS requirements. Cash and short-term deposits remained an asset of the Group upon completion of the sale.

	As at 31 March 2021 £m	As at 30 June 2020 £m
Assets		
Intangibles	**0.9**	-
Property, plant and equipment	**0.5**	0.7
Other receivables	**1.6**	1.7
Income tax receivable	**0.3**	-
Assets held for sale	**3.3**	2.4
Liabilities		
Trade and other payables	**(2.7)**	(2.1)
Income tax payable	**-**	(0.1)
Liabilities directly associated with assets held for sale	**(2.7)**	(2.2)
Net assets directly associated with disposal group	**0.6**	0.2

7. Dividends paid to equity holders

	Year ended 30 June 2021 £m	Year ended 30 June 2020 £m
Final dividend for 2018/19 paid on 29 October 2019 - 5.50p per share	**-**	21.5
Interim dividend for 2019/20 paid on 13 March 2020 - 2.80p per share	**-**	10.9
Dividends paid to equity holders	**-**	32.4

No final dividend in respect of the year ended 30 June 2021 will be recommended at the Annual General Meeting on 14 October 2021.

8. Underlying earnings per share

Underlying earnings is calculated by adjusting profit attributable to equity shareholders to exclude discontinued operations, separately disclosed items and the related tax effects. Underlying earnings is one of the business performance measures used internally by management to manage the operations of the business. Management believes that the underlying earnings measure assists in providing a view of the underlying performance of the business.

Underlying net earnings attributable to equity shareholders is derived as follows:

	Year ended 30 June 2021 £m	Year ended 30 June 2020 £m
(Loss) profit attributable to equity shareholders	**(72.1)**	9.8
Adjust for:		
Separately disclosed items after tax	**(15.7)**	17.7
Underlying net (loss) earnings attributable to equity shareholders	**(87.8)**	27.5
Continuing operations	**(88.9)**	26.3
Discontinued operations	**1.1**	1.2
Weighted average number of ordinary shares in issue	**437.3m**	390.7m
Underlying (loss) earnings per share (p) - basic	**(20.1)p**	7.0p
Continuing operations	**(20.3)p**	6.7p
Discontinued operations	**0.2p**	0.3p
Underlying (loss) earnings per share (p) - diluted	**(20.1)p**	7.0p
Continuing operations	**(20.3)p**	6.7p
Discontinued operations	**0.2p**	0.3p

9. Government grants

	As at 30 June 2021 £m	As at 30 June 2020 £m
At the start of the year	**11.9**	-
Receivable in the year	**64.4**	29.0
Cash received	**(75.5)**	(17.1)
At the end of the year	**0.8**	11.9

10. Provisions

	Property related provisions £m	Disposal provisions £m	Restructuring provisions £m	Indirect tax provision £m	Pay provision £m	Warranty provision £m	**Total £m**
At 1 July 2020	13.5	3.9	0.1	1.2	0.2	-	**18.9**
Charge to the income statement - separately disclosed items	3.5	-	-	-	-	0.8	**4.3**
Release to the income statement - separately disclosed items	(1.8)	-	-	-	-	-	**(1.8)**
At 30 June 2021	**15.2**	**3.9**	**0.1**	**1.2**	**0.2**	**0.8**	**21.4**
Current	3.5	0.2	0.1	1.2	0.2	0.2	**5.4**
Non-current	11.7	3.7	-	-	-	0.6	**16.0**
Total	**15.2**	**3.9**	**0.1**	**1.2**	**0.2**	**0.8**	**21.4**

10. Provisions (continued)

Provisions have been made based on management's best estimate of the future cash flows, taking into account the risks associated with each obligation.

11. Share capital and reserves

	As at 30 June 2021		As at 30 June 2020	
	Number m	**Nominal value £m**	Number m	Nominal value £m
Authorised ordinary shares of 13 8/9p each	**1,296.0**	**180.0**	1,296.0	180.0
Issued and fully paid				
At 1 July 2020	**390.7**	**54.2**	390.7	54.2
Shares issued in year	**77.7**	**10.8**	-	-
At 30 June 2021	**468.4**	**65.0**	390.7	54.2
Share premium				
At 1 July 2020	**390.7**	**98.4**	390.7	98.4
Shares issued in year	**77.7**	**57.3**	-	-
At 30 June 2021	**468.4**	**155.7**	390.7	98.4

On 24 November 2020, the Group issued 77,746,020 ordinary shares as part of a share placing and parallel retail offer, corresponding to 19.9% of total shares issued. Each share has the same right to receive dividends and represents one vote at shareholders' meetings.

Share premium proceeds in addition to the nominal value of the shares issued during the year have been included in share premium, less the costs associated with the issue of new equity.

Total shares in issue at 30 June 2021 are 468,429,541.

12. Borrowings to net debt reconciliation

Under IFRS, accrued interest and unamortised facility fees are classified as loans and borrowings. A reconciliation of loans and borrowings disclosed in the balance sheet to the Group's net debt position is provided below:

	As at 30 June 2021 £m	As at 30 June 2020 £m
Total loans and borrowings	**(117.1)**	(129.1)
Adjusted for:		
Accrued interest	**0.4**	0.2
Unamortised facility fees	**(2.7)**	(1.7)
	(119.4)	(130.6)
Cash and short-term deposits	**69.6**	73.6
Net debt excluding IFRS16 Lease liabilities	**(49.8)**	(57.0)
IFRS 16 Lease liabilities	**(206.9)**	(240.5)
Net debt	**(256.7)**	(297.5)

13. Cash generated from operations

	Year ended 30 June 2021 £m	Year ended 30 June 2020 £m
Operating (loss) profit from continuing operations	**(92.9)**	21.5
Operating profit from discontinued operations	**1.5**	2.0
Separately disclosed	**8.4**	27.6
Operating (loss) profit before separately disclosed items	**(83.0)**	51.1
Depreciation and amortisation	**71.2**	75.5
Share-based payments	**(0.2)**	0.8
Assets written off	**0.5**	1.0
(Increase) decrease in inventories	**(0.1)**	0.7
Decrease (increase) in other receivables	**4.8**	(8.4)
(Decrease) increase in trade and other payables	**(14.4)**	26.6
	(21.2)	147.3
Cash utilisation of provisions	**-**	(3.0)
Cash receipts in respect of separately disclosed items	**5.9**	27.6
Cash (used in) generated from operations	**(15.3)**	171.9

14. Contingent liabilities

Property arrangements

The group has certain property arrangements under which rental payments revert to the Group in the event of default by the third party. At 30 June 2021, it is not considered probable that the third party will default. As such, no provision has been recognised in relation to these arrangements. If the third party was to default on these arrangements, the obligation for the Group would be £2.0m on a discounted basis.

Legal and regulatory landscape

Given the nature of the legal and regulatory landscape of the industry, from time to time the Group receives notices and communications from regulatory authorities and other parties in respect of its activities and is subject to regular compliance assessments of its licensed activities.

The Group recognises that there is uncertainty over any fines or charges that may be levied by regulators as a result of past events and depending on the status of such reviews, it is not always possible to reliably estimate the likelihood, timing and value of potential cash outflows.

15. Contingent assets

On 30 June 2021, the Group was informed that the First-tier Tribunal ("FTT") had allowed the appeal of The Rank Group Plc on its claim to be refunded VAT paid on the takings from gaming machines during the period April 2006 to January 2013. Whilst this is a positive decision for the Group, HMRC has a number of avenues of appeal available before this matter reaches a definitive conclusion, beginning with an initial 56-day period from the date of the decision in which to lodge an appeal and agree the exact quantum of the claim with the Group.

Rank expects that the value will be materially in line with its previous estimate of £80.0m. Once a final decision is obtained and the exact quantum of the refund amount is determined, the Group will account for the refund as a separately disclosed item, consistent with current practice.

16. Related party transactions and ultimate parent undertaking

Guoco Group Limited (Guoco), a company incorporated in Bermuda, and listed on the Hong Kong stock exchange has a controlling interest in The Rank Group Plc. The ultimate parent undertaking of Guoco is GuoLine Capital Assets Limited (GuoLine) which is incorporated in Jersey. At 30 June 2021, entities controlled by GuoLine owned 56.1% of the Company's shares, including 52.0% through Guoco's wholly-owned subsidiary, Rank Assets Limited, the Company's immediate parent undertaking. Hong Leong Company (Malaysia) Berhad ("Hong Leong") was the ultimate parent company of Guoco until 16 April 2021 whereupon, following an internal restructure, GuoLine became the ultimate parent company of Guoco.