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18 August 2022

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

Preliminary results for the 12 months ended 30 June 2022

Rank (LSE: RNK) is pleased to announce its preliminary results for the 12 months ended 30 June 2022.

Overview

- Underlying operating profit[1] for the full year was £40.4m, in line with guidance of £40m provided in June 2022
- Second half performance was adversely impacted by difficult trading conditions in Grosvenor venues, particularly in London, which led to a reset of operating profit guidance for the full year
- Underlying venues NGR[1] up 209% year-on-year but down 19% on CY 2019[2] reflecting the continued impact of, and gradual recovery from, the pandemic
- Underlying Digital NGR grew 4% year-on-year supported by a 178% growth in active cross-channel customers
- Six-fold increase in underlying digital operating profit year-on-year to £18.7m as further synergies realised from the technology integration following the Stride acquisition in October 2019
- Mecca digital business successfully migrated to the RIDE platform in January 2022 with the final brand, Grosvenor, migrating across by end of Q1 2022/23
- Underlying venues operating profit[1] included energy costs of £23.0m, up significantly on the CY 2019 cost of £13.0m. Energy costs for FY23 would be approximately £46m based on current market prices
- Mecca being reshaped to return to profitability with seven venues closed in Q1 2022/23
- The strong cash position has enabled the acceleration of the Group's Transformation 2.0 programme, which is focused on improving the customer offer and growing customer numbers, has delivered good returns from the £6.2m Grosvenor investment into new product and £5.3m casino refurbishments
- Progression of the Group's ESG programme continues with significant developments introduced throughout the year to further enhance customer safety including a new online markers of harm model, a new risk model across Grosvenor casinos and the rolling out of a new machine management system in Mecca
- Whilst the delay to the publication of the UK Government's gambling review white paper is disappointing, we continue to build support for a programme of modest reforms for the land-based casino and bingo sectors

Financial highlights

		2021/22	2020/21	Change	CY 2019[2]	Change
Financial KPIs	Group underlying net gaming revenue (NGR)[1]	**£644.0m**	£325.3m	98%	£715.4m	(10)%
	Digital underlying NGR[1,2]	**£183.3m**	£176.4m	4%	£144.0m	27%
	Venues underlying NGR[1]	**£460.7m**	£148.9m	209%	£571.4m	(19)%

	Underlying operating profit / (loss)[1,3]	**£40.4m**	£(82.4)m	(149)%	£104.2m	(61)%
	Net cash / (debt) pre IFRS 16	**£19.1m**	£(49.8)m	(138)%	£(52.7)m	-
	Underlying earnings / (loss) per share[3]	**4.3p**	(20.1)p	(121)%	-	-

		2021/22	2020/21	Change
Statutory performance	Reported NGR	**£644.0m**	£329.6m	95%
	Group operating profit / (loss)	**£82.1m**	£(92.9)m	(188)%
	Profit / (loss) before taxation	**£74.3m**	£(107.3)m	(169)%
	Profit / (loss) after taxation	**£66.2m**	£(72.0)m	(192)%
	Net free cash flow	**£60.8m**	£(85.6)m	(171)%
	Net (debt)	**£162.6m**	£256.7m	(37)%
	Basic earnings / (loss) per share	**14.2p**	(16.5)p	(186)%
	Dividend per share	**-**	-	-

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. Year-on-year comparisons for our venues are distorted by significant periods of closure, curfews and regional restrictions in the 2020/21 financial year. The last comparable 12-month period that was unaffected by the COVID-19 pandemic was the 12 months to 31 December 2019 ('CY 2019') which the Group uses as a comparison to performance levels.

3. Excludes separately disclosed items.

Financial highlights

- Underlying operating profit[1] of £40.4m compares with a loss of £82.4m in 2020/21 which was more heavily impacted by the pandemic with venues closed at various points throughout the year
- Group operating profit of £82.1m reflects the net receipt of £77.1m from a VAT repayment, impairment charge of £25.8m net of impairment reversal, up from a Group operating loss of £92.9m in the prior year
- Group returned to net cash position pre IFRS-16 of £19.1m, supported by £100.7m of cash inflow from operations and £83.1m of VAT receipts
- Bank waiver restrictions lifted and returned to standard debt covenants from 1 July 2022

Current trading and outlook

Overall, Group underlying NGR is running 3% ahead of the prior year in the first seven weeks of 2022/23. Underlying Digital NGR has grown 12% in the seven weeks, with venues down 1%. Grosvenor venues NGR is down 4% year-on-year but with average weekly NGR in the seven weeks 11% ahead of Q4, with the gradual return of overseas customers to our London casinos more than offsetting the softer trading conditions outside of London. Mecca is seeing visits up 8% and NGR up 2%.

Trading conditions are likely to remain challenging in the months ahead with high inflation hitting consumer discretionary expenditure and inflationary cost pressures, particularly the further rise in energy prices in recent weeks, continuing to impact operating margins. However, the successful migration to proprietary technology within the digital business and the investment into the venues estate, result in us being able to compete strongly in the coming year. Moreover, the strong balance sheet enables continued investment in our Transformation 2.0 programme which positions the Group well both for growth and for the anticipated regulatory reform to land-based gaming following the outcome of the UK Government's review of gambling regulation.

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

"It was a challenging year for our UK venues businesses, with unexpectedly softer trading across the Grosvenor estate in the second half of the year. Our nine London casinos, which account for over 38% of Grosvenor's revenue in normal trading conditions, have seen very weak customer volumes with overseas visitors few in number, and only starting to return in the final few weeks of the year. The lower than expected Grosvenor trading in H2 led us to reset full year operating profit expectations as announced in Q4.

"Whilst we have been seeing improvements in London in recent weeks, the trading environment across the UK is likely to remain difficult in the months ahead with inflationary pressures squeezing consumer discretionary expenditure and cost increases, particularly in energy prices, putting pressure on profit margins.

"However, we are taking actions to drive further efficiencies in the venues businesses, and we are seeing strong revenue growth in properties which have recently benefitted from our accelerated capital investment programme.

"Performance in our digital business continues to improve against a difficult market backdrop. The transfer of the Rank brands to our proprietary technology platform is supporting revenue growth and a strong improvement to operating margins which we expect to accelerate with the migration of the Grosvenor brand in the coming weeks.

"We were disappointed by the delay to the publication of the UK Government's white paper on gambling regulation. The land-based casino and bingo sectors are in need of long overdue modernisation of the regulations which govern their operation, something which the Government recognised in its objectives for the review. We expect Rank to be well positioned to benefit from the review when it concludes.

"Thank you to my colleagues across the Group who continue to excite, entertain and protect our customers, provide strong support to our local communities and contribute to the ongoing progress we are making with the transformation of Rank."

Dividend

We started the new financial year on 1 July 2022 with the removal of the bank-imposed restriction not to pay our shareholders a dividend which was a condition of the financial covenant waiver put in place during the pandemic. As the Group's performance continues to improve beyond the trends seen in the last financial year, we will reassess the Group's approach to paying dividends to our shareholders. We expect to provide further clarity around the resumption of paying dividends at the time of half year results announcement in January~~.~~

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, significant material proceeds from tax appeals and the tax impact of these, should they occur in the period. Collectively these items are referred to as separately disclosed items ('SDIs');
- EBIT is operating profit before SDIs;
- Underlying earnings per share is calculated by adjusting profit attributable to equity shareholders to exclude SDIs;
- '2021/22' refers to the 12-month period to 30 June 2022 and '2020/21' refers to the 12-month period to 30 June 2021;
- Like-for-like ('LFL') measures have been disclosed in this report to show the 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;
- Year-on-year comparisons for our venues are distorted by significant periods of closure, curfews and regional restrictions in the 2020/21 financial year. The last comparable 12-month period that was unaffected by the COVID-19 pandemic was the 12 months to 31 December 2019 ('CY 2019') which the Group uses as a comparison to performance levels. Please refer to APMs for further detail;
- 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. Please refer to APMs for further details; and
- Venues includes Grosvenor venues, Mecca venues and Enracha venues.

Enquiries

The Rank Group Plc

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Photographs available from www.rank.com

Conference call:
Thursday 18 August 2022
There will be a virtual meeting for sale-side analysts at 9.30am BST today, the details of which can be obtained from FTI Consulting LLP by emailing them at rank.sc@fticonsulting.com.

A replay of the call and a copy of the slide presentation will be made available on the website later.

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

Year-on-year comparisons for our venues are distorted by significant periods of closure, curfews and regional restrictions in the 2020/21 financial year. The last comparable 12-month period that was unaffected by the COVID-19 pandemic was the 12 months to 31 December 2019 ('CY 2019') which the Group uses as a comparison to performance levels.

At a Group level, underlying LFL NGR of £644.0m was up 98% against the prior year. The largest growth was in Grosvenor venues which were subject to the most severe restrictions in 2020/21. In comparison to CY 2019, underlying LFL NGR was down 10%, reflecting the operating restrictions which were in place across the venues businesses in the first half and slower than expected recovery in our Grosvenor venues in the second half.

Underlying LFL operating profit of £40.4m compares with a loss of £82.4m in the prior year and a profit of £104.2m in CY 2019.

Despite the continued strong focus on driving efficiencies across each of the businesses, inflationary cost pressures in the Grosvenor and Mecca venues businesses negatively impacted operating margins. The material increase has been in energy which more than doubled to £22.4m in UK venues. Based on current market prices, energy costs for FY23 would be approximately £46m. Prices for the first quarter of the year are fixed and known but there remains exposure to market volatility beyond September. A number of initiatives, including energy efficiency programmes, are underway to mitigate some of the impact of higher energy prices.

£m	**NGR**				
	2021/22	**2020/21**	**Change**	**CY 2019[1]**	**Change**
Grosvenor venues	296.6	79.2	275%	364.1	(19)%
Mecca venues	134.0	53.8	149%	175.7	(24)%
Enracha venues	30.1	15.9	89%	31.6	(5)%
Digital	183.3	176.4	4%	144.0	27%
Underlying LFL[2]	**644.0**	**325.3**	**98%**	**715.4**	**(10)%**
Impact of venues closures and FX[4]	-	4.3		18.6	
Underlying	**644.0**	**329.6**	**95%**	**734.0**	**(12)%**
	Operating profit				
	2021/22	**2020/21**	**Change**	**CY 2019**	**Change**
Grosvenor venues	45.1	(40.7)	(211)%	75.4	(40)%
Mecca venues	(0.8)	(17.5)	(95)%	33.0	(102)%
Enracha venues	8.1	0.6	1,250%	7.5	8%
Digital[2]	18.7	3.1	503%	22.9	(18)%
Central costs	(30.7)	(27.9)	10%	(34.6)	(11)%
Underlying LFL[2]	**40.4**	**(82.4)**	**(149)%**	**104.2**	**(61)%**
Impact of venues closures and FX[3]	(0.6)	(2.1)		0.5	
Underlying	**39.8**	**(84.5)**	**(147)%**	**104.7**	**(62)%**

1 Year-on-year comparisons for our venues are distorted by significant periods of closure, curfews and regional restrictions in the 2020/21 financial year. The last comparable 12-month period that was unaffected by the COVID-19 pandemic was the 12 months to 31 December 2019 ('CY 2019') which the Group uses as a comparison to performance levels.

2 Results are presented on a like-for-like ('LFL') basis which removes the impact of club closures, foreign exchange movements and discontinued operations.

3 A full analysis of these adjustments can be found in the Alternative Performance Measures ('APM') section.

Grosvenor venues

Grosvenor's underlying LFL NGR was up 275% compared to the prior year, where Grosvenor's venues were either closed or operating under curfew. Compared with calendar year 2019, underlying LFL NGR was down 19% reflecting the continued impact from the pandemic, the slow return of overseas customers to our London casinos and the pressure on UK consumer discretionary expenditure.

Key financial performance indicators:

	2021/22 £m	2020/21 £m	Change	CY 2019[1]	Change
LFL[2] NGR	296.6	79.2	275%	364.1	(19)%
London	101.6	26.5	283%	138.7	(27)%
Rest of the UK	195.0	52.7	270%	225.4	(13)%
Total NGR	296.6	79.2	275%		
Underlying LFL[2,3] operating profit/(loss)	45.1	(40.7)	(211)%	75.4	(40)%
Underlying[3] operating profit/(loss)	45.1	(40.7)	(211)%		
Total profit/(loss)	60.6	(27.4)	321%		

1 Year-on-year comparisons for our venues are distorted by significant periods of closure, curfews and regional restrictions in the 2020/21 financial year. The last comparable 12-month period that was unaffected by the COVID-19 pandemic was the 12 months to 31 December 2019 ('CY 2019') which the Group uses as a comparison to performance levels.

2 Results are presented on a like for like ('LFL') basis which removes the impact of club openings, closures, acquired businesses, foreign exchange movements and discontinued operations.

3 Before the impact of separately disclosed items.

All of Grosvenor's 52 venues were operational throughout the period, however much of the year was impacted by COVID-19. In the first half of the year, despite social distancing and the required wearing of face masks, visitor numbers and revenues gradually improved. However, the emergence of the Omicron variant and the Government's consequent Plan B measures saw NGR decline significantly at the end of Q2 and into Q3. Whilst all imposed COVID-19 restrictions were removed in late January, visitor volumes, particularly across the London estate of nine venues which account for over 38% of revenues in a normal trading year, remained very weak until late June when some improvement was seen.

Average weekly NGR of £6.1m in Q1 increased to £6.3m in Q2 as travel restrictions eased and revenues increased in our London casinos. In Q3 average weekly NGR fell to £5.3m with the impact of Omicron and very weak trading conditions in London. In Q4 average weekly NGR fell to just £5.1m, with the volume of overseas players into London only starting to pick up towards the end of the year. Compared with calendar year 2019, London NGR was down 27% for the full year, with the rest of the UK down 13%.

The strongest performing venues were those in UK 'staycation' venues such as Brighton, Blackpool and Bournemouth and venues such as Bristol, Walsall, Sheffield, London Victoria ('The Vic') and Nottingham which have traded strongly, on the back of development investment.

The Grosvenor business continued to drive strong cost efficiencies throughout the year but with NGR falling 19% compared with CY 2019 and energy costs increasing significantly, the operating margin declined from 20.7% to 15.2% delivering an underlying LFL operating profit of £45.1m (operating loss of £40.7m in the prior year).

During the year, Grosvenor recognised an impairment charge of £26.9m and an impairment reversal of £13.3m relating to a number of venues.

Despite a disappointing year from a trading perspective, a number of key initiatives have been successfully delivered to accelerate the transformation of the Grosvenor business as it recovers from long periods of lockdown and other restrictions through the pandemic.

£6.2m has been invested in new electronic roulette terminals, gaming machines, tables and wheels during the year. The healthy table margin of 17.8% was the result of continued investment in the latest roulette wheels, tighter table management controls and enhanced science being applied to table opening plans.

£5.3m has been invested in property development during 2021/22. Refurbishments were completed at Bristol, Blackpool, Walsall and Huddersfield to modernise the venues, add enhanced customer facilities including bars and restaurants, improve non-gaming lounge facilities and sports viewing areas, in addition to making improvements to gaming floors. An adult gaming centre licence has been added to additional space at the ground floor of the St Giles casino in Tottenham Court Road in readiness for the anticipated changes in casino regulations emanating from the UK Government's current review of gambling legislation. An additional casino licence has been added to Grosvenor Nottingham providing an additional 20 gaming machines.

Following extensive customer research, a new concept venue has been developed at the existing Merchant City site in Glasgow. The casino which opened shortly after the year end is more open and welcoming, providing more intuitive journeys for new customers. The venue presents a new Grosvenor brand logo and visual positioning to help underline the entertainment and excitement of the customer proposition. The venue has a bar, sports viewing areas, restaurant and gaming machine areas on the ground floor with a modern and vibrant gaming floor below. The new Glasgow Merchant City Casino is another important step for the Grosvenor brand in broadening the appeal of casinos to a larger audience of consumers.

A new customer safety model was trialled and successfully rolled out across the Grosvenor estate in November 2021. The model provides teams with data points on a daily basis which pinpoint customers requiring further review to ensure they are playing safely and within their means.

The hospitality sector has experienced considerable labour market pressures since reopening. Within the casino sector, the particular pressure point has been around licensed gaming personnel of whom a large percentage were previously nationals from mainland Europe. With this provision of gaming colleagues having dried up due to Brexit, the Grosvenor business rolled out clearer career pathways under a new employee value proposition and established gaming academies across the UK to support the training of newly recruited colleagues and those looking to transfer from food and beverage and other positions into licensed gaming roles. Over 440 colleagues qualified as Grosvenor gaming colleagues during the financial year.

Mecca venues

The impact of the pandemic has been severe on the bingo sector given the importance of an older cohort of customers to visitor numbers. Mecca's LFL NGR increased 149% on the prior year but was down 24% on CY 2019 on visit volumes down 32%.

Key financial performance indicators:

	2021/22 £m	2020/21 £m	Change	CY 2019[1] £m	Change
LFL[2] NGR	134.0	53.8	149%	175.7	(24)%
Total NGR	134.0	55.5	141%		
Underlying LFL[2,3] operating profit/(loss)	(0.8)	(17.5)	(95)%	33.0	(102)%
Underlying[3] operating profit/(loss)	(0.8)	(18.9)	(96)%		
Total profit/(loss)	33.6	(22.7)	(248)%		

1 Year-on-year comparisons for our venues are distorted by significant periods of closure, curfews and regional restrictions in the 2020/21 financial year. The last comparable 12-month period that was unaffected by the COVID-19 pandemic was the 12 months to 31 December 2019 ('CY 2019') which the Group uses as a comparison to performance levels.

2 Results are presented on a like for like ('LFL') basis which removes the impact of club openings, closures, acquired businesses, foreign exchange movements and discontinued operations.

3 Before the impact of separately disclosed items.

Mecca witnessed a slow recovery from the pandemic with the biggest shortfall to pre-pandemic visitor numbers being amongst older customer segments. Compared with CY 2019, visitor volumes were down 32% in H1 at 2,548k. H2 performance was affected by Omicron case numbers across the UK which further impacted the willingness of older consumers to attend indoor hospitality. Nevertheless, visitor volumes improved to 2,687k in H2, down 33% on CY 2019.
Mecca has competed hard for customer's leisure time by cutting prices across a range of bingo sessions and guaranteeing strong prizeboards. Nevertheless, spend per visit on the core mainstage bingo game increased 15% on 2019 as customers utilised the increased value to buy more tickets in the game. Across the board spend per visit grew 13% on 2019 with gaming machine spend growing by 33% and food and beverage by 27%. Spend per visit on interval games declined 13% as expenditure transferred into the mainstage bingo game.

The underlying LFL operating loss of £0.8m, reflecting both the fall in NGR and the increase in energy costs in the year, compares with a £17.5m operating loss in the prior year and a £33.0m underlying LFL operating profit in CY 2019.

Seven loss making venues at lease end have closed in Q1 2022/23.

During the year, Mecca recognised an impairment charge of £20.9m relating to a number of venues.

Mecca Luton reopened in March 2022 following a full redesign and refurbishment. This new Mecca concept venue provides for a wide range of entertainment experiences with bingo at the core. It is early days for Mecca Luton after a prolonged closure, but the customer reaction to the venue and the experience is very positive and we expect customer volumes and revenues to continue to build.

Bingo venues continue to provide an important social amenity and, with the emergence from the pandemic, a strengthened Mecca team has a clear focus on accelerating the rate of year-on-year growth, returning their venues to profitability in 2022/23.

Enracha venues

The Enracha venues business in Spain recovered strongly in 2021/22 despite having COVID-19 restrictions on opening hours and on capacity levels until well into H2. Underlying LFL NGR of £30.1m was up 89% against the prior year and down just 5% against pre-pandemic CY 2019.

Key financial performance indicators:

	2021/22 £m	2020/21 £m	Change	CY 2019[1] £m	Change
Underlying LFL[2] NGR	30.1	15.9	89%	31.6	(5)%
Total NGR	30.1	17.5	72%		
LFL[2,3] operating profit/(loss)	8.1	0.6	1,250%	7.5	8%
Underlying[3] operating profit/(loss)	7.5	(0.2)	(3,850)%		
Total profit/(loss)	15.1	(0.8)	(1,988)%		

1 Year-on-year comparisons for our venues are distorted by significant periods of closure, curfews and regional restrictions in the 2020/21 financial year. The last comparable 12-month period that was unaffected by the COVID-19 pandemic was the 12 months to 31 December 2019 ('CY 2019') which provides a helpful comparison to performance levels.

2 Results are presented on a like for like ('LFL') basis which removes the impact of club openings, closures, acquired businesses, foreign exchange movements and discontinued operations.

3 Before the impact of separately disclosed items.

Impacted by the pandemic, operating restrictions and lowered consumer confidence about indoor hospitality, the volume of visits to Enracha was down 33% against CY 2019. However, this was largely offset by a 29% growth in the spend per visit. This growth in customer expenditure has largely been driven by 6% growth in gaming machine NGR despite visitor numbers being down by a third. The investment made to the machine offering across the Enracha estate prior to the pandemic has delivered strong returns and this has been further enhanced by the gradual rollout of a new machine management system which is providing enhanced metrics and insights into customer play.

The nine Enracha venues delivered an underlying LFL operating profit of £8.1m, an increase of 8% on CY 2019.

During the year, Enracha recognised an impairment reversal of £8.8m regarding a number of venues.

Digital

The digital business performed strongly in the year, delivering underlying LFL NGR growth of 4% and increasing underlying LFL operating profit of £18.7m up from £3.1m in the prior year.

Key financial performance indicators:

	2021/22 £m	2020/21 £m	Change
LFL[1] NGR	183.3	176.4	4%
Mecca	66.9	68.7	(3)%
Grosvenor	49.8	46.5	7%
Enracha/Yo	21.0	20.1	4%
Other including Stride legacy brands	45.6	41.1	11%
Total NGR	183.3	177.4	3%
Mecca	66.9	68.7	(3)%
Grosvenor	49.8	46.5	7%
Enracha/Yo	21.0	21.1	0%
Other including Stride legacy brands	45.6	41.1	11%
Underlying LFL[1] operating profit/(loss)	18.7	3.1	503%
Underlying[2] operating profit/(loss)	18.7	3.2	484%
Total profit/(loss)	4.2	(11.3)	(137)%

1 Results are presented on a like-for-like ('LFL') basis which removes the impact of club closures and foreign exchange.

2 Before the impact of separately disclosed items.

Within the UK facing brands, Mecca NGR declined 3% year on year whilst Grosvenor grew 7% and the Stride legacy brands grew 11%. The Stride legacy brands on the RIDE proprietary technology platform grew 31%, whilst those operating on third party platforms fell 14% as other operators caught up with the affordability processes and restrictions introduced across Rank's digital businesses in 2020.

Yo and Enracha, grew NGR by 4% despite marketing investment being down 51% against the prior year following the advertising and other restrictions introduced by the Spanish Government in May 2021. Unique active players were down 19% as the volume of first time depositors halved, but the revenue per customer grew 27% as retention rates improved and the value of new customers increased.

Mecca was successfully migrated to the RIDE proprietary technology platform in January 2022. The Grosvenor online business will be migrated in September 2022, completing the successful integration of the Stride acquisition and freeing up significant development capability for new products, improved user journeys and enhanced omni-channel customer experiences within the technology roadmap.

During the year, further improvements were made to the UK digital operating model with a strengthening of the software engineering hub in Cape Town, additional growth in the Mauritius operations teams and several key appointments across technology, marketing and commercial functions.

Cost synergies from the Stride acquisition totalled £10.2m in 2021/22 with a further £4.5m expected to be delivered following completion of the Grosvenor migration.

The business continues to develop and roll out additional safety mechanisms to help protect customers by ensuring they are playing within their means. Affordability journeys continue to be improved to reduce unnecessary friction for customers. A new markers of harm model has been introduced which enhances real time identification of potentially at risk play, triggering an appropriate interaction with the customer.

Within the international digital business, Enracha online was successfully migrated onto the Yo proprietary technology platform and in Q4 we launched Enracha Sports. A new Yo Sports service is in development for launch in H1.

Passion Gaming, the online Indian rummy business in which Rank holds a 51% share, saw NGR grow 18% in the year as legal restrictions in Tamil Nadu and Kerala were eased.

Strategic update

During the year, we took some time as a Board and executive team to revisit the Group's purpose, ambition and strategic aims.

Purpose

Our overarching purpose of delivering exciting and entertaining experiences remains unchanged. However, the Board recognised that our purpose statement must reflect our commitment to ensuring that we meet the needs of all of our stakeholders in a sustainable way.

Refreshed purpose statement:

To deliver exciting and entertaining experiences in safe, sustainable and rewarding environments. We will achieve this through reflecting the changing needs and expectations of our customers, communities and colleagues.

To excite and to entertain.

Ambition

Our stated Group ambition made reference to becoming a £1bn revenue international gaming business by 2023. The impact of the COVID-19 pandemic on our venues businesses has made this ambition unachievable within the timescale. Following the publication of the White Paper on UK gambling reform we will have a better understanding of our future growth trajectory and will restate our medium to long term ambition.

Strategic pillars

The Board reviewed Rank's six strategic pillars and concluded that the key focus areas of driving our digital business and evolving our venues is still very much the priority. Our focus on developing our cross-channel offering has now progressed into how we can better provide a seamless cross-channel service to our customers, which better meets their needs. It was also concluded that our fourth pillar, which highlighted the need to innovate, is now rooted in all our channel initiatives and therefore should not be a separate distinct pillar.

We wanted to ensure we have a fully embedded sustainable strategy and that what may be classed as ESG aims were not dealt with separately. As a result, our final two strategic pillars now fully embed our sustainability focus areas of customers, colleagues, communities and the environment.

Refreshed strategic pillars:

1. Provide a seamless and tailored experience for customers across venues and online
2. Drive digital growth powered by our proprietary technology and live play credentials
3. Continuously evolve our venues estate with engaging propositions that appeal to both existing and new customers
4. Be passionate about the development and wellbeing of our colleagues and the contribution we make to our communities
5. Build sustainable relationships with our customers by providing them with safe environments in which to play

For details of our strategic initiatives in the year please refer below to Our Strategy section.

Sustainability

In January 2022, we issued our first-ever Responsible Business Report which outlined our ESG commitments.

We have continued to build on the good foundations set out in the January report and are pleased to report for the first time on our achievements within our corporate strategy. We have identified key performance indicators against each area of focus to enable us to report more broadly on our social and environmental impacts alongside our financial reporting calendar.

A comprehensive 2022 Sustainability Report will be published in September and will be available to view and download from our corporate website, rank.com.

Regulatory update

We continue to await the publication of the Government's White Paper for gambling reform. Originally scheduled to be published before the end of calendar year 2021, ministerial changes in late 2021 contributed to a series of delays throughout the first half of 2022, which culminated in June with another key ministerial change in the Department for Digital, Culture, Media and Sport ('DCMS') and the government-wide suspension of any new legislation or policy prior to the appointment of a new Prime Minister.

Our understanding is that the publication of a White Paper is likely to be followed by a series of Gambling Commission consultations relating to specific policy recommendations. The timeline for these consultations is unconfirmed but likely to begin soon after the White Paper is published.

Over the course of the past year, we have worked hard to articulate our modest policy proposals with key parliamentary stakeholders, principally in terms of land-based reforms for casinos and bingo clubs, but also for sensible digital policy decisions.

In terms of our casinos, we proposed a sliding scale (based on size of venue) for increased numbers of slot machines across UK casinos which would enable all venues to better cater to customer demand whilst preserving the character of a UK casino. We remain hopeful of deregulation in terms of slot machine numbers and believe that the sliding scale model is the most effective solution to ensure consistent and even-handed reform in line with the Government's original objectives. We have also proposed the availability of Random Number Generator ('RNG') based product on terminals in our clubs, along with the provision of sports betting which would help to ensure UK casinos start to catch up with what is widely available throughout the world. A solution to the issue of providing credit for High Net Worth ('HNW') individuals is important, particularly in our London casinos, and we have argued that any solution in this space must apply equally to all venues which compete for overseas customers.

Our proposals for land-based bingo reforms have been similarly modest. The existing '80:20' rule, which requires 80% of our machine mix in clubs to be increasingly obsolete Cat C or Cat D machines in order to provide the 20% balance of more popular B3 machines, is archaic. We have proposed the rule be removed and that the ability to offer side-bets on the main stage game of bingo be permitted. We continue to work with DCMS and to seek further engagement from the UK Gambling Commission in order to ensure that these modest reforms are fully understood and can be implemented.

Our UK digital business will likely be impacted by changes to the digital elements of the White Paper's recommendations. We have argued against the imposition of a Statutory Levy and against the blanket banning of free bets, both of which would curtail our competitive abilities. We hope that any changes to affordability thresholds and online slot limits will provide a line in the sand which sensibly allows customers and operators to adjust to changes and deliver a safer gambling consistent experience without further regulatory creep.

Management changes

During the year we made a number of key appointments to the executive team.

On 1 May 2022, Richard Harris joined the Group as Chief Financial Officer. Richard joined us from London estate agents Foxtons Group plc where he had been CFO for three years. Prior to joining Foxtons, Richard was Group Financial Controller for Laird plc.

On 2 May 2022, Enric Monton Montero joined us as Managing Director of Rank International, our Spanish venues and digital business. Enric has over 20 years of experience in the Spanish land-based and digital betting and gaming sector, most recently as Managing Director of Cirsa's Latin America business.

Debbie Husband was appointed Managing Director of the Grosvenor venues business on 3 May 2022. Debbie was previously National Operations Director for Grosvenor having joined the Group from Travelodge in September 2017.

Andy Crump joined the Group as Mecca Managing Director on 3 May 2022. Andy joined us from Marks and Spencer where he was Head of Hospitality Operations with P&L responsibility for over 300 cafes and deli counters. Prior to Marks and Spencer, Andy spent 14 years in senior operational roles with Punch Taverns.

Emma Morning, who joined the transformation programme office in 2019 having previously worked with KPMG in the UK and Australia in various consulting roles, was promoted to the executive team during the year as Transformation and Strategy Director.

On 12 September 2022, Hazel Boyle will join the Group as Chief People Officer. Hazel joins us having most recently served as Chief People Officer at Future plc. Hazel brings a wealth of corporate experience and extensive knowledge of managing change and transformation across large groups, with a strong focus on talent management and development.

The new members of the executive team bring renewed energy to the transformation of the Group.

Our strategy and KPIs

1. Provide a seamless and tailored experience for customers across venues and online

In the markets in which we operate, Rank is one of the few gaming companies in a position to provide customers with a genuine one brand gaming experience across both venues and online. Our key assets are our 125 venues, our membership-based models, our customer relationships and high levels of engagement that our team members enjoy with our customers.

What we said	What we did
• Launch Mecca's big money Fortune game once joint liquidity functionality is rolled out across the Mecca venues estate.	• Delivered first to market product, Mecca Fortune, providing live bingo across our Mecca estate and online.
• Unify registration across venues and online for Mecca customers.	• Delivered phases 1 and 2 of Mecca's unified registration across venue and online meaning customers can sign up seamlessly irrespective of channel via their mobile phones or via QR codes in our Mecca venues.
• Develop microsites for key Mecca venues.	• Launched Mecca venues specific pages onto Meccabingo.com where customers can discover more about their venue before visiting.

• Enhance functionality of the My Mecca app to deliver greater personalisation.	• Considered as part of Mecca's overall app strategy which was further developed during the year.
• Further development to improve omni-channel customer journeys in Grosvenor, particularly as we migrate to the new proprietary platform, RIDE.	• Launched thevic.com where customers can discover much more about the venue before they visit. Also launched rialtocasino.com. • Developed a quicker sign-up journey, just five clicks, for both new and existing customers. • Omni advocates onsite in all venues helping customers to register and experience our digital offerings. • Developed and piloted an industry-first electronic roulette progressive jackpot game across five casinos providing our customers the ability to win an estimated jackpot of over £1m from a £1 stake. Option to link to digital under investigation.
• Enhance our sportsbook proposition in selected Grosvenor venues.	• Completed enhanced sports viewing areas in eleven of our casinos enabling customers to have better visibility of odds and offers from our Grosvenor sportsbook and bet directly using QR codes. • Dedicated new sports zones in our casinos in Huddersfield, Sheffield, Blackpool, Luton and Glasgow Merchant City.
• Develop brand apps to support cashless transactions in venues.	• Continued to develop app strategy for each brand and this remains a priority focus area for FY23.
• Multi-channel TV advertising campaigns for both Mecca and Grosvenor.	• This will be an area of focus for FY23 following the investment into digital customer journeys post-platform migration.
• Further development of Enracha's omni-channel offer.	• Work has focused on improving the digital offer in the current year and the focus will move to improving the cross-channel experience in FY23.

KPIs

Percentage of venues customer that play with us online

- Grosvenor 13%; +4ppts
- Mecca 9%; -5ppts
- Enracha 0%; +0ppts

Percentage of digital NGR from omni-channel customers

- Grosvenor 75%; +44ppts
- Mecca 23%; +4ppts
- Enracha 0%; +0ppts

Areas of focus for FY23:

- Further develop the app strategy for each brand ensuring customer needs are met for both online and in venues experiences, removing the need for customers to move across multiple mono channel apps.
- Launch live streaming from a further four Grosvenor casinos to our online audiences and deliver improvements to the digital live roulette experience.
- Introduce artificial intelligence to better drive personalisation for our Grosvenor sports and gaming customers showing offers, bets and homepages tailored to their behaviour.
- Continue to deliver compelling Mecca offers focused on driving new customer acquisition and retention.
- Develop unified Mecca membership across online and in venues that will bring real time communication, personalised content, cross sell and improved onboarding.
- Introduce a new Mecca loyalty card embedded into our apps and single membership journey aligned to our single app strategy.

2. Drive digital growth powered by our proprietary technology and live play credentials

We have built strong positions in venues-based gaming which we are seeking to replicate across our digital channels. In 2021/22, our digital operations generated 28% of Group revenue. Across the UK as a whole, digital channels represented around 49% of the gambling market (excluding the National Lottery) pre-pandemic, presenting a significant growth opportunity.

What we said	What we did
• Migrate meccabingo.com (Q3 2021/22) and grosvenorcasinos.com (Q4 2021/22) onto the proprietary platform.	• Meccabingo.com was successfully launched onto the RIDE platform in January 2022, on time and on budget. Grosvenorcasinos.com is due to be migrated in Q1 2022/23. • We migrated our Enracha.es site to the Yo proprietary platform, providing greater development flexibility and scalability.
• Continue the development of new features to enhance our digital experience.	• Enhanced personalisation delivered for grosvenorcasinos.com and meccabingo.com customers, tailoring experience to their preferences. • Improvements delivered for meccabingo.com to improve customer engagement through the use of pop-ups and banners. • Additional live casino tables on rialtocasino.com and thevic.com so

	online players can play in venues across different European cities. • Relaunched our sportsbook for Enracha.es following its migration onto the Yo platform.
• Optimise marketing effectiveness and scale investment to drive higher levels of customer acquisition.	• Launched Britain's Got Talent campaign on radio and in print to drive Mecca brand awareness alongside a daily retention game. • 5% increase in marketing investment in UK gaming brands.
• Refresh app strategies with a sharper focus on cross-channel and supporting venues experiences.	• A focused approach to our app strategies is a key priority for FY23.
• Launch new B2B international partnerships where Rank can offer the digital proposition to established international gaming venues businesses.	• Various B2B partnership opportunities were investigated in the year, however none were considered suitable at this current time.

KPIs

Digital NGR

- UK £162.3m; +4%
- International £21.0m; +4%

Customer numbers

- UK digital 746k; +0%
- International digital 47k; -39%

Areas of focus for FY23:

- Migrate grosvenorcasinos.com onto our RIDE platform.
- Enhance Grosvenor's Daily Retention Game, offering our customers greater variety and range of prizes.
- Launch the streaming online of live immersive events in our Mecca venues to help drive cross channel acquisition.
- Deliver the significant development roadmap which follows the migration of Grosvenor onto the RIDE platform.
- Launch a new Spanish sports betting site, YoSport.
- Launch new Apps for YoCasino and YoSport in Spain.
- Roll-out a cross-channel strategy for Enracha.
- Launch YoBingo in Portugal to replicate the successful YoBingo model.
- Upgrade of the proprietary Yo technology platform.

3. **Continuously evolve our venues estate with engaging propositions that appeal to both existing and new customers**

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, whether they be existing or new.

What we said	What we did
• Refurbishment of further casinos following the success of previous pre-COVID-19 investments.	• New brand proof of concept venue launched in Glasgow Merchant City offering a dramatic new look, new restaurant and bars and sports viewing zone. • Completed refurbishments in Huddersfield, Bristol, Blackpool, and Walsall improving casino gaming area layouts and providing better quality restaurants and bars. • Added an additional Adult Gaming Centre licence to our St Giles casino in London and expanded our slots offering in Nottingham. • New e-gaming terminals launched across London and in key regional casinos to improve customer choice and quality of experience.
• Launch the new Employee Value Proposition (‘EVP’) for Grosvenor colleagues.	• Launched to all Grosvenor Employees offering a development pathway to further their career with Grosvenor.
• Introduce a new food and beverage proposition across the Grosvenor estate tailored to each local market.	• Pilots of new menu concepts trialled at The Vic, Merchant City and Blackpool casinos. Enhanced menus launched along with the refurbishments at our Huddersfield, Bristol and Walsall casinos.
• Develop a new demand rostering tool for Grosvenor covering all areas of the casino.	• Tool in pilot at our Nottingham and Birmingham Hill Street casinos. Performance has been in line with expectations and the tool will be rolled out across the remaining casino estate in Q1 2022/23.
• Development of a new concept Mecca venue in Luton.	• Our new concept venue at Luton opened in March, with a new 'always on' bingo schedule and refreshed food and beverage menu.
• Expansion of Mecca’s new and improved food and beverage offer to additional venues.	• New menus delivered for both food and beverage across 14 Mecca venues. • Further development underway and will be further trialled in another 16 venues in early FY23.

• Further develop improvements for Mecca's core mainstage bingo game.	• Investment in better value for our bingo customers with the introduction of lower prices and bigger guaranteed prizes. • A new portfolio of games was introduced alongside the mainstage bingo game. • Upgraded 700 gaming machines, bringing improved variety to our customers.
• Implement new machine management system across the Enracha estate.	• Successful delivery has provided us with greater visibility of the performance of the machines across our Enracha venues.
• Open our first standalone Enracha Stadium venue.	• Currently on hold as we investigate further the available licensing options.

KPIs

Customer numbers

- Grosvenor venues 1,001k; +276%
- Mecca venues 635k; +104%
- Enracha venues 201k; +86%

Strategic investment

- Grosvenor venues £11.8m; FY21 £0.3m
- Mecca venues £3.7m; FY21 £0m
- Enracha venues £0.4m; FY21 £0m

Net promoter score

- Grosvenor venues 57%; +4ppts
- Mecca venues 61%; -3ppts
- Enracha venues 45%; +9ppts

Enracha's percentage movement from FY20 as net promoter score was not measured in FY21.

Areas of focus for FY23:

- Launch of new rewards and incentives programme for our Grosvenor venues.
- Continue the development and refurbishment of the Grosvenor estate with 6 venues listed for refurbishment in H1 2022/23.
- Launch a new electronic roulette jackpot game. Going for Gold, across our Grosvenor estate.
- Focus improving the slots performance of our Mecca venues through an improved product mix and presentation in venue.
- Investigate opportunities to share space in our Mecca venues through complementary partnerships and collaborations with third parties.

- Continue the Enracha venues investment programme in our Andalucía and Sabadell venues.
- Consider prospective opportunities to continue growing in the Spanish market through targeted acquisitions.
- Deploy player tracking and new jackpots in each Enracha venue to improve customer experience.
- Full deployment of our Enracha venues loyalty card into all permitted venues.

4. Be passionate about the development and well-being of our colleagues and the contribution we make to our communities

We continue to build a high-performing culture through the engagement and development of colleagues who want to put the excitement and entertainment of our 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. We are also acutely aware of the role our venues, offices and colleagues play in the communities in which we operate and together as a collective organisation we strive to add value wherever possible.

What we said	What we did
• 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.	• Grosvenor launched a refreshed career pathway to 3,500 venues colleagues allowing them access to bespoke support through training and development activities. 'Raising our Game' was evolved during the year into a Group wide programme, renamed Work Win Grow.
• Implement best in class service training to support the new Mecca brand proposition underpinning our 'Mecca of the Future' strategy.	• A new suite of training initiatives was implemented in the year covering a wide range of topics, from customer service principles to training on ensuring a deeper knowledge of each product on offer.
• Implement the Talent workstream of Transformation 2.0, ensuring we recruit, develop and retain emerging and top talent.	• We have implemented Talent Programmes at three levels with appropriate development and support for each. There are 70 colleagues across Rank in Talent programmes with support ranging from individual coaching to group development programmes to post-graduate level programmes at prestigious universities or institutions specialising in Leadership Development.
• Continue to develop a high-performance culture, including understanding the progress being made through our Employee Opinion Survey ('EOS').	• We continue to develop the culture at Rank and have seen an improvement in our engagement score during the year. Our work on Equality, Diversity and Inclusion ('ED&I') is an example of the progress we are making with a question on ED&I being among the highest

	scoring in the engagement survey. We continue to regularly recognise colleagues against Rank's STARS values
• 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.	• Our key ED&I achievement in the year was the successful launch of six ED&I colleague network groups. The groups provide our colleagues with the opportunity to provide insightful feedback on where improvements can be made. Each group is sponsored by an Executive Committee member and supported by a leading external ED&I partner.
• Ensure colleague facilities are considered in all venue investments.	• We now ensure that all back of house colleague areas are considered as part of all venue refurbishments. In the year, specific improvements were made in our Bristol, Walsall and Glasgow Merchant City casinos.
• Review working environments and facilities for our support office colleagues.	• We have placed greater emphasis on collaboration and communication across our offices to accommodate the changes in colleague working patterns post-COVID-19.

KPIs

EOS score 68%; +3ppts

Percentage of females in management positions 27%; +0ppts

Percentage of UK colleagues from ethnic minority backgrounds 32%; +1ppts

Contribution to good causes £0.3m; +0%

Greenhouse gas emissions intensity 39.2 tCO_2e per £m NGR; -40%

Areas of focus for FY23:

- Launch refreshed three-year ED&I strategy across the Group focused on ensuring the Group is recognised as an employee of choice by attracting, developing and retaining a truly diverse pool of talent.
- Expand the reach of the Group's ED&I colleague networks groups and launch the Group's first neurodiverse colleague network group.
- Launch and embed the newly developed Group-wide Employee Value Proposition, Work. Win. Grow.
- Continue the development of the Group's Net Zero Plan and look to set intermediate targets to lower the Group's carbon emissions and use of other natural resources.

5. Build sustainable relationships with our customers by providing them with safe environments in which to play

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 thus ensuring we create and maintain sustainable relationships with all our customers.

What we said	What we did
• Rollout a more player centric, risk-based affordability assessment model in Grosvenor venues.	• We have developed a holistic risk matrix to better identify potential ‘at risk’ play and to assess a customer’s level of affordability. The matrix was trialled in mid-2021, then rolled out in November to all Grosvenor venues.
• Deliver a real time monitoring tool looking at customer activity and changes in customer play in our casinos.	• This is still under development and will be delivered in H1 2022/23.
• Continue our safer gambling cultural assessment work with colleagues.	• Completed cultural assessment and findings incorporated into three key actions, as follows: – Vision: the articulation of what we stand for and why is Safer Gambling important to us – Messaging: consistent and regular communication from the leadership team to reinforce the vision. – Development of knowledge and skills: deliver role appropriate training supported by Gamcare. This is ongoing and is due to complete by December 2022.
• Rollout further refreshed safer gambling messaging and communications across Rank businesses.	• For our UK digital customers, we introduced a new welcome journey with clear messaging around what safer gambling measures we have in place and what safer gambling mechanisms are available to our customers. • In our venues, we provide and make available to take away, clear and consistent safer gambling information for our customers.

• Introduce real time view of customer play across all brands and channels to help detect earlier potential at risk customers in venues and online.	• We have commenced a project to deliver a cross channel single customer view, expected to be delivered in FY22/23.
• Implement a more robust customer interaction evaluation framework to help inform and evolve our approach to player protection.	• To be delivered following further refinement as part of our safer gambling algorithm for digital customers.
• Further develop our holistic and risk-based model for early intervention for potentially at-risk play.	• Currently in development and due for implementation in H1 2022/23.

Areas of focus for FY23:

- Continue to refine and improve the holistic player protection model in our Grosvenor venues.
- Improve the tools available to Grosvenor venues colleagues to make decision making more efficient and effective.
- Review and improve our digital customer onboarding journeys to remove unnecessary friction caused by "Know your customer" and player protection processes.
- Completion of role appropriate enhanced safer gambling training supported by Gamcare to over 1,500 colleagues. The training is aimed at developing the necessary skills required to have more meaningful safer gambling interactions with our customers.
- Continue to develop our markers of harm model as part of a continuous improvement and evaluation of player protection risk models.
- Work towards achieving Gamcare Safer Gambling accreditation across our UK operations.

CFO's review

Within this section all prior year comparatives are to the year ended 30 June 2021.

Reported net gaming revenue ('NGR')

For the 12 months ended 30 June 2022 NGR increased by 95% to £644.0m due to the impact of COVID-19 enforced venue closures and operating restrictions in the prior year.

Operating profit

With our venues back open, operating profit grew to £82.1m, from an operating loss of £92.9m in the prior year.

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 2022 were £46.2m.

The key SDIs in the year were as follows:

- Net VAT receipt of £77.1m (net of costs) plus the associated interest of £5.6m concerning a long-standing VAT claim regarding gaming machines during the period April 2006 and January 2013;
- Impairment charge of £47.8m relating to a number of Grosvenor and Mecca venues;
- An impairment reversal of £22.0m regarding a number of Grosvenor and Enracha venues following an improved current result and forecasted outlook;
- £10.4m release of a property provision created during the COVID-19 pandemic recognised to cover the Group becoming liable to make potential payments under a property arrangement if tenants defaulted;
- Amortisation costs of £11.7m relating to the acquired intangible assets of Stride and Yo brands;
- Closure costs of £4.7m regarding the closure of a number of Mecca venues; and
- Profit on disposal of £8.8m relating to additional proceeds from the disposal of the Belgium casino.

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

Net financing charge

The £13.4m underlying net financing charge for the year ended 30 June 2022 was in line with the prior year's charge.

The underlying net financing charge includes £6.7m of lease interest calculated under IFRS-16.

Taxation

The Group's underlying effective corporation tax rate in 2021/22 was 23.5% (2020/21: 15.6%) based on a tax charge of £6.2m (excluding impact of rate changes on deferred tax) on underlying profit before taxation. This is higher than the Group's anticipated effective tax rate of 17-19% for the year mainly as a result of lower than forecasted profits in overseas jurisdictions taxed at lower rates than the UK.

The underlying effective corporation tax rate for 2022/23 is expected to be 16-18%, being below the UK statutory tax rate. The tax rate is driven by some overseas profits being taxed at lower rates than the UK and Maltese tax credits associated with dividend payments to be received in 2022/23.

On a statutory basis, the Group had an effective tax rate of 22.7% (2020/21: 9.7%) based on a tax charge of £16.9m and total profit of £74.3m. This is higher than the effected tax rate on underlying profit because of certain separately disclosed items which do not result in a tax credit.

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

Earnings per share ('EPS')

Basic EPS grew to 14.2p from (16.5)p in the prior year. Underlying EPS grew to 4.3p from (20.1)p in the prior year. For further details refer to note 8 of the financial statements.

Cash flow and net debt

As at 30 June 2022, net debt was £162.6m. Debt comprised £78.8m in term loans and £181.7m in finance leases, offset by cash at bank of £97.9m. In the period, the Group repaid £29.6m of the term loan in line with the loan's agreed amortisation schedule.

	2021/22 £m	2020/21 £m
Operating profit from continuing operations	39.8	(84.5)
Operating profit from discontinued operations	-	1.5
Depreciation and amortisation	67.4	71.2
Working capital	(6.2)	(9.2)
Other	(0.3)	(0.2)
Cash inflow / (outflow) from operations	**100.7**	(21.2)
Capital expenditure	(40.6)	(22.2)
Net interest and tax	(16.2)	(16.3)
Lease principal payments	(53.7)	(31.8)
Cashflows in relation to SDI	70.6	5.9
Net free cash flow	**60.8**	**(85.6)**
Share capital issued	-	68.1
Business acquisition and other	(0.7)	(0.5)
Business disposal	8.8	25.2
Total cash inflow	**68.9**	**7.2**
Opening net debt pre IFRS	(49.8)	(57.0)
Closing net cash / (debt) pre IFRS	19.1	(49.8)
IFRS 16 lease liabilities	(181.7)	(206.9)
Closing net (debt) post IFRS 16	**(162.6)**	(256.7)

The Group finished the prior year with net debt for covenant purposes of £65.5m. Following the receipt of the VAT repayment in December 2021 and the Group's venues being back open we finished the year with net cash for covenant purposes of £6.7m.

Cash tax rate

In the year ended 30 June 2022, the Group had an effective cash tax rate of 13.3% on total profit before taxation (2020/21: (1.3)%). The cash tax rate is lower than the effective tax rate due to the utilisation of losses arising in 2020/21 to offset profits in 2021/22 resulting in a reduction in cash tax due.

The Group is expected to have a cash tax rate of approximately 1-3% in the year ended 30 June 2023. This is lower than the effective tax rate because of utilisation of brought forward tax losses and Maltese tax credits expected to be received in 2022/23.

Going concern statement

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 2023. In making such statement, the Directors highlight forecasting accuracy in relation to the level of trading performance achieved as the key sensitivity in the approved base case.

The Directors have considered two downside scenarios which reflect a reduced trading performance and inflationary impacts on the cost base. In these events, the Group will generate sufficient cash to meet its liabilities as they fall due and meet covenant requirements for the period to 31 August 2023.

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 UK adopted 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 profit /(loss)	Profit measure	Operating profit / (loss)	• Separately disclosed items • Excludes contribution from any venue openings, closures, disposals, acquired businesses and discontinued operations • Foreign exchange movements
Underlying profit / (loss) before taxation	Profit measure	Profit / (loss) before tax	• Separately disclosed items
Underlying (loss) / profit after taxation	Profit measure	Profit / (loss) after tax	• Separately disclosed items

APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
Underlying (loss) / earnings per share	Profit measure	Earnings / (loss) per share	• Separately disclosed items
Free cash flow	Cash measure	Net cash generated from operating activities	• Lease principal repayments • Cash flow in relation to SDIs • Cash capital expenditure • Net interest and tax payments

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 operating performance. The adjustment helps users of the accounts better assess the underlying performance of the Group, helps align to the measures used to run the business and still maintains clarity to the statutory reported numbers.

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 period (2020/21), the Group closed five Mecca venues. For the purpose of calculating like-for-like ('LFL') measures its contribution has been excluded from the prior period numbers and current period numbers, to ensure comparatives are made to measures 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	**2021/22**	2020/21
Underlying LFL net gaming revenue (NGR)	**644.0**	325.3
Closed/disposed venues	**-**	2.5
Foreign exchange ('FX')	**-**	1.8
Underlying NGR - continuing operations	**644.0**	329.6

Calculation of comparative underlying LFL NGR

	2020/21
Reported underlying LFL NGR	**288.2**
Reversal of Stride (acquired business)	41.1
Reversal of 2020/21 closed venues	0.3
2021/22 closed venues	(2.5)
2021/22 FX	(1.8)
Restated underlying LFL NGR	**325.3**

£m	**2021/22**	2020/21
LFL underlying operating profit / (loss)	**40.4**	(82.4)
Opened, closed and disposed venues	**(0.6)**	(2.1)
Underlying operating profit / (loss) – continuing operations	**39.8**	(84.5)
Separately disclosed items	**42.3**	(8.4)
Operating profit / (loss) – continuing operations	**82.1**	(92.9)

Calculation of comparative underlying LFL operating profit

£m	**2020/21**
Reported underlying LFL reported operating loss pre IFRS 16	**(67.0)**
Reversal of Stride (acquired business)	(16.4)
Opened and closed venues	(1.1)
2021/22 closed venues	2.0
2021/22 FX	0.1
Underlying LFL operating profit	**(82.4)**

£m	**2021/22**	2020/21
Underlying current tax (charge) / credit	**(9.6)**	8.0
Tax on separately disclosed items	**(10.5)**	0.3
Deferred tax	**3.2**	2.1
Tax (charge) / credit	**(16.9)**	10.4

	2021/22	2020/21
Underlying EPS	**4.3p**	(20.1)p
Separately disclosed items	**9.8p**	3.6p
Reported EPS	**14.1p**	(16.5)p

Reconciliation of CY 2019

	Add: 12 months to 30 June 2019	Less: six months to 31 December 2018	Add: six months to 31 December 2019	LFL adjustments[1]	CY2019 (LFL)
NGR:					
Grosvenor venues	338.2	(172.1)	198.1	(0.1)	364.1
Mecca venues	193.5	(96.2)	91.9	(13.5)	175.7
Enracha venues	44.9	(22.6)	24.2	(14.9)	31.6
Digital	118.5	(57.3)	83.2	(0.4)	144.0
Group	695.1	(348.2)	397.4	(28.9)	715.4
Operating profit:					
Grosvenor venues	44.9	(19.4)	48.1	1.8	75.4
Mecca venues	28.6	(11.4)	13.7	2.1	33.0
Enracha venues[2]	9.3	(4.1)	5.3	(3.0)	7.5
Digital	20.7	(11.0)	11.9	1.3	22.9

Less Central costs	(31.0)	15.6	(19.2)	-	(34.6)
Group	72.5	(30.3)	59.8	2.2	104.2

1 Like-for-like removes the impact of club openings, closures, acquired businesses, foreign exchange movements and discontinued operations.

2 Enracha venues Blankenberge casino disposal on 1 April 2021

Principal risks and uncertainties

The Board has conducted a robust assessment of the Company's principal and emerging risks. The risks outlined in this section are the principal risks that we have identified as material to the Group. They represent a "point-in-time" assessment, as the environment in which the Group operates is constantly changing and new risks may always arise.

Risks are considered in terms of likelihood and impact and are based on residual risk rating of: high, medium and low, i.e. after taking into account controls already in place and operating effectively. Mapping risks in this way helps not only to prioritise the risks and required actions but also to direct the required resource to maintain the effectiveness of controls already in place and mitigate further where required.

The risks below are not set out in any order of priority, and do not include all risks associated with the Group's activities.

Additional risks not presently known to management, or currently deemed less material, may also have an adverse effect on the business. Risks such as these are not raised as principal risks but are nevertheless periodically monitored for their impact on the Group.

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 emerging risk is the forthcoming proposed changes to UK gambling regulation with the Government's proposed white paper on legislative and regulatory reform expected to be published in the coming months.

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. We also continue to develop our plans and consider our strategy, to the extent possible based on available information, so as to ensure we are well-placed to react to the impacts and opportunities presented by such regulatory change.

The Group's assessment of climate-related risks and opportunities continues to develop. However, whilst climate risk is an emerging risk for the Group, it is not of itself currently regarded as a principal risk and the risk itself is currently considered low. We nevertheless continue to keep this under review.

Principal risk: 1. Uncertain trading environment

Recovery from the pandemic is slowed by inflationary pressures impacting consumers' discretionary expenditure. Such pressures influence customer behaviour and can reduce spend on entertainment and leisure activities, such as those offered by the Group, and propensity to visit our venues. This could impact our performance and strategic decisions.

Moreover, the sharp rise in energy cost is impacting the operating margins of our venues businesses and this will be further impacted if prices continue to increase. Related risks caused by current macro-economic and geo-political uncertainty are energy availability and the increased cost of products and services, all of which could impact our future performance and strategic decisions.

Residual risk rating and change in risk impact

New (evolved from 'Changing Customer Needs (venues)') and considered high residual risk.

With the current trading environment, inflationary pressures, energy prices at record highs, increases in interest rates and labour shortages post-COVID-19 impacting the leisure sector in particular, the risk here is considered high.

Risk mitigation strategy

We are actively monitoring the situation and continue to put contingency measures in place to manage these risks, including:

- monitoring economic developments and undertake scenario analysis where appropriate. In particular, the Group focuses on impacts in the short and medium term that may result from changes in customer behaviour.
- reviewing operational plans to ensure that they are robust and well managed.
- undertaking regular insight and tracking work in relation to our brands, and continue to assess the relevance of our products to our customers.
- considering ways to manage the Group's exposure in respect of external conditions beyond its control, including forward buying of energy and reviewing the extent of interest rate risk exposure.
- ensuring that our procurement team conducts tender processes and leverages our scale to effectively control costs and ensure pricing is competitive.

Principal risk: 2. Compliance with 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. Failing to comply leads to an increased risk of investigation(s) and regulatory action and sanctions by way of licence conditions, financial penalties and/or loss of an operating licence.

Residual risk rating and change in risk impact

Considered high residual risk and increasing.

There is ongoing increased regulatory focus on compliance by regulators in the jurisdictions in which the Group operates. The risk of potential non-compliance increases with the pace of change in regulation, particularly when limited time is provided to ensure compliance. Regulatory change in the UK is often delivered through ad hoc Gambling Commission guidance which is often open to interpretation; this further increases the risk of a negative outcome from a regulatory compliance assessment.

Risk mitigation strategy

The Group ensures that:

- it seeks ongoing and regular engagement with government, key civil servants involved in determining gambling policy and with regulators.
- it monitors legislative and regulatory developments and announcements in relation to prospective change.
- it has defined policies and procedures in place, which are periodically reviewed and updated as appropriate to take account of regulatory changes and guidance.
- it has a dedicated compliance team led by an experienced Director of Compliance & Safer Gambling, which monitors implementation of and compliance with such policies and procedures and provides regular reports to the venues' senior management, as well as to the Compliance and Group Risk Committees. The Director of Compliance & Safer Gambling also provides bi-annual reports to the Audit Committee.
- its Compliance Committee meets on a monthly basis, with agenda items including data trends, monitoring programme outputs, proposed changes to compliance models, tools and processes and trade association updates.
- all colleagues undertake annual mandatory compliance training (including anti-bribery and corruption and money laundering), with additional training being undertaken as required / requested or as may be appropriate to a specific role.
- it actively promotes a compliant environment and culture in which customers can play safely.
- it engages with regulators as appropriate and examines the learnings from, and measures adopted by, other operators and sectors of the gambling industry.

Principal risk: 3. Safer Gambling

Safer gambling underpins our strategy with one of our five strategic pillars being that we will build sustainable relationships with our customers by providing them with safe environments in which to play. Minimising the potential for our customers to suffer harm from their gambling will assist the Group in ensuring that it grows the business in a sustainable way. We are committed to delivering the highest possible levels of player safety and protection.

Failure to provide a safe gambling environment for our customers could have regulatory implications, affect trust in our brands and impact our ability to build a sustainable business.

Residual risk rating and change in risk impact

New as a standalone principal risk and considered medium residual risk.

Our most material ESG issue is to ensure the highest possible levels of player safety and protection.

Risk mitigation strategy

The Group ensures that:

- it actively promotes a safer gambling culture.
- it interacts and engages with its customers on a regular basis.
- it makes available a range of tools on all brands across all channels to support customers in managing their spend and play.

- it invests continuously in the development of its people, processes and technology, including with the assistance of expert third parties, to introduce new and ongoing improvement to enable it to identify and effectively interact with at-risk customers.
- it continues to invest in data analytics to better identify potentially at-risk play by consumers and in the resultant processes which deliver the appropriate real time interactions with those customers and the ongoing evaluation of the effectiveness of those interactions.
- all colleagues undertake annual mandatory safer gambling training, with additional training (including provided externally, for example by GamCare) being undertaken as required / requested or as may be appropriate to a specific role.
- it invests significantly in improvements for tackling the problem through donations to research, treatment and education initiatives, as well as through driving collaboration across the industry with other operators, charities and regulatory bodies.

- It has a dedicated and experienced first and second line safer gambling teams.

Principal risk: 4. People

People are pivotal to the success of the organisation and a failure to attract or retain key individuals may impact the Group's ability to deliver on its strategic priorities.

A prerequisite to achieving all of the strategic priorities is ensuring the Group has the right people with the right skills, deployed within the right area of the business.

Residual risk rating and change in risk impact

Considered medium residual risk and increasing.

Considered increasing as the availability of colleagues and competition for talent continues to be a focus area, particularly for our UK venues business post both the pandemic and the impact of Brexit on the broader hospitality sector.

Risk mitigation strategy

The Group ensures that it:

- regularly engages with colleagues and reviews its reward propositions in order to retain existing talent and attract the best candidates to roles.
- conducts benchmarking exercises in relation to its compensation packages.
- provides training and induction programmes to new joiners tailored as appropriate for those who are new to the sector.
- monitors attrition and recruitment rates.
- is focused is on developing diversity across the Group.
- continues to develop its succession plans.
- offers opportunities for colleagues to develop their skills and progress in their careers.
- continues to consider the development of its culture, including how this is viewed by colleagues in employee opinion surveys and the actions that can be taken in light of the output.

Principal risk: 5. 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 Group (and individual Directors and employees) to material civil, criminal and/or regulatory action with the associated financial and reputational consequences.

Residual risk rating and change in risk impact

Considered medium residual risk and stable.

No significant changes in domestic and international standards/regulations are anticipated in the short term.

Risk mitigation strategy

The Group ensures that:

- it has defined policies and procedures in place, which are periodically reviewed and updated as appropriate.
- it has a dedicated health and safety team led by an experienced Head of Health and Safety, which monitors implementation of and compliance with such policies and procedures and provides regular reports to the venues' senior management, as well as to the Health & Safety and Group Risk Committees. The Head of Health & Safety also provides bi-annual reports to the Audit Committee.
- all colleagues undertake annual mandatory training, with additional training being undertaken as required / requested or as may be appropriate to a specific role.

Principal risk: 6. Taxation

Changes in fiscal regimes in domestic and international markets can happen at short notice. These changes could benefit or have an adverse effect with additional costs potentially incurred in order to comply.

Residual risk rating and change in risk impact

Considered low residual risk and stable.

Tax changes in the immediate future are not anticipated to be material in their impact on the Group.

Risk mitigation strategy

The Group's tax strategy is approved annually by the Board. Responsibility for its execution is delegated to the Chief Financial Officer who reports the Group's tax position to the Board on a regular basis.
The Group ensures that it:

- has an appropriately qualified and resourced tax team to manage its tax affairs.
- continues to monitor tax legislation and announcements in relation to prospective change and, where appropriate, participate in consultations over proposed legislation, either directly or through industry bodies.
- engages with regulators as appropriate.
- performs analysis of the financial impact on the Group arising from proposed changes to taxation rates.

- seeks external advice and support as may be required.
- develops organisational contingency plans as appropriate.

Principal risk: 7. Change Programmes: Integration, transformation and technology projects

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.

Residual risk rating and change in risk impact

Considered medium residual risk and stable.

Failure to deliver key strategic projects and programmes impacts on customer loyalty and the strategic growth of the business and therefore remains a medium residual risk, but is also regarded as stable.

Risk mitigation strategy

The Group ensures that change programmes:

- use a structured and disciplined delivery methodology to ensure that they are robustly managed to achieve their outcome.
- are subjected to detailed management oversight as well as having sponsorship from a senior-level stakeholder.
- follow a comprehensive risk management approach and are managed by experienced project and programme managers.

Principal risk: 8. 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, pandemics, accidents impacting key people, insolvency of key suppliers, negative media campaigns and market upheavals.

Residual risk rating and change in risk impact

Considered medium residual risk and stable.

The geographical nature of the operating environment and key risk exposures are known and understood.

Risk mitigation strategy

The Group seeks to develop, embed and refine its approach to incident and crisis management on an ongoing proactive basis.

Group business continuity plans are regularly reviewed for key sites and business areas and this work includes reviewing the resilience of and disaster recovery for IT systems.

Principal risk: 9. 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.

Residual risk rating and change in risk impact

Considered medium residual risk and stable.

The Group continues to develop and enhance its control environment in relation to customer data controls and regulatory requirements.

Risk mitigation strategy

The Group has in place data protection policies 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 ("DPO") to ensure that the business is aware of, and adheres to, legal requirements and industry best practice. The DPO provides regular reports to the Group Risk Committee on relevant data and trends, monitoring programme outputs, ongoing projects and any potential regulatory matters. The DPO also provides bi-annual reports to the Audit Committee.

All colleagues undertake annual mandatory training, with additional training being undertaken as required / requested or as may be appropriate to a specific role.

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. The Group also carries out periodic penetration testing of security controls around data.

Principal risk: 10. 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 the use of cloud computing) and there is a risk that such technology or systems could fail, or outages occur.

Residual risk rating and change in risk impact

Considered medium residual risk and stable.

Due to the programme of work in place and ongoing monitoring and response to new and emerging attack vectors, this is considered a stable risk for the Group.

Risk mitigation strategy

The Group:

- has a Security Operations Centre (SOC) and Vulnerability Management service tools(s) to provide increased visibility of security events and enable vulnerabilities to be monitored / quickly addressed.
- has in place security policies and procedures and conducts training for colleagues to ensure ongoing awareness.

- employs a dedicated, specialist Group security team.
- carries out periodic attack and penetration testing, with actions arising followed-up, tracked and remediated by the security team.
- follows a rolling programme of work to continue to enhance cyber security and resilience within the IT estate.

Principal risk: 11. 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, failure of these suppliers to comply with contractual obligations, or reputational issues arising in connection with these suppliers could adversely affect operations, especially where these suppliers are niche.

Residual risk rating and change in risk impact

Considered medium residual risk and stable.

The third-party operating environment and key risk exposures have remained the same but the potential risk to supply chain due to the current macro-economic environment continues to be monitored.

Risk mitigation strategy

The Group has a central procurement team that oversees the process for acquisition of suppliers across the Group, utilising a supplier risk management framework. Our policies and procedures require due diligence to be carried out on suppliers before onboarding is approved, and the ongoing financial viability of suppliers is tracked over the contract life cycle.

We require that supplier contracts include, amongst other things, appropriate clauses on compliance with applicable laws and regulations, the prevention of modern slavery and anti-bribery. We seek to work with suppliers who are actively managing climate risks.

Business owners are responsible for communication with key suppliers and are ultimately accountable for such relationships and ensuring that contractual requirements are met.

Principal risk: 12. Pandemic

All restrictions have been lifted since August 2021 in the UK. However, as a result of the severe impact that COVID-19 had on the business, the rate of its recovery since the venues reopened and restrictions were lifted (including the rate of return of customers, particularly from overseas), and the residual risk that restrictions could be reintroduced, or customers may elect to reduce their social contacts if cases were to increase, we continue to take a cautious approach to the reduction of risk at this time.

Residual risk rating and change in risk impact

Considered low residual risk but decreasing.

The risk of re-introduction of restrictions at short notice has to be balanced with the reassurances provided by the success of vaccination programmes and no social distancing measures having been in place in the UK for over twelve months. Further to this, the risk is regarded as low and continuing to decrease.

Risk mitigation strategy

The Group continues to monitor the risk in each jurisdiction in which it has venues or offices. The health and safety of our colleagues and customers remains of paramount importance and risk assessments continue to be an essential part of ensuring a safety first approach.

We also continue to review our crisis management and business continuity plans on a lessons learnt basis and to ensure that they remain up-to-date.

Directors' Responsibility Statement

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

- The financial statements, prepared under UK-adopted International Financial Reporting Standard (IFRS), 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:

Lucinda Charles-Jones

Chew Seong Aun

Steven Esom

Richard Harris

Katie McAlister

John O'Reilly

Alex Thursby

Karen Whitworth

Signed on behalf of the board on 17 August 2022

John O'Reilly Chief Executive	Richard Harris Chief Financial Officer

Group Income Statement
For the year ended 30 June 2022

	Year ended 30 June 2022			Year ended 30 June 2021		
	Underlying £m	**Separately disclosed items (note 3) £m**	**Total £m**	Underlying £m	Separately disclosed items (note 3) £m	Total £m
Continuing operations						
Revenue	**644.0**	**-**	**644.0**	329.6	-	329.6
Cost of sales	**(386.5)**	**(25.8)**	**(412.3)**	(305.4)	-	(305.4)
Gross profit	**257.5**	**(25.8)**	**231.7**	24.2	-	24.2
Other operating income	**3.6**	**88.3**	**91.9**	64.4	-	64.4
Other operating costs	**(221.3)**	**(20.2)**	**(241.5)**	(173.1)	(8.4)	(181.5)
Group operating profit (loss)	**39.8**	**42.3**	**82.1**	(84.5)	(8.4)	(92.9)
Financing:						
– finance costs	**(13.1)**	**-**	**(13.1)**	(14.0)	-	(14.0)
– finance income	**0.1**	**-**	**0.1**	0.1	-	0.1
– other financial (losses) gains	**(0.4)**	**5.6**	**5.2**	(0.5)	-	(0.5)
Total net financing (charge) income	**(13.4)**	**5.6**	**(7.8)**	(14.4)	-	(14.4)
Profit (Loss) before taxation	**26.4**	**47.9**	**74.3**	(98.9)	(8.4)	(107.3)
Taxation	**(6.4)**	**(10.5)**	**(16.9)**	10.1	0.3	10.4
Profit (Loss) for the year from continuing operations	**20.0**	**37.4**	**57.4**	(88.8)	(8.1)	(96.9)
Discontinued operations - profit	**-**	**8.8**	**8.8**	1.1	23.8	24.9
Profit (Loss) for the year	**20.0**	**46.2**	**66.2**	(87.7)	15.7	(72.0)
Attributable to:						
Equity holders of the parent	**20.0**	**46.2**	**66.2**	(87.8)	15.7	(72.1)
Non-controlling interest	**-**	**-**	**-**	0.1	-	0.1
	20.0	**46.2**	**66.2**	(87.7)	15.7	(72.0)
Earnings (loss) per share attributable to equity shareholders						
– basic	**4.3p**	**9.9p**	**14.2p**	(20.1)p	3.6p	(16.5)p
– diluted	**4.3p**	**9.9p**	**14.2p**	(20.1)p	3.6p	(16.5)p
Earnings (loss) per share – continuing operations						
– basic	**4.3p**	**8.0p**	**12.3p**	(20.3)p	(1.9)p	(22.2)p
– diluted	**4.3p**	**8.0p**	**12.3p**	(20.3)p	(1.9)p	(22.2)p
Earnings per share – discontinued operations						
– basic	**-**	**1.9p**	**1.9p**	0.2p	5.5p	5.7p
– diluted	**-**	**1.9p**	**1.9p**	0.2p	5.5p	5.7p

Group Statement of Comprehensive Income
For the year ended 30 June 2022

	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
Comprehensive income:		
Profit (loss) for the year	**66.2**	(72.0)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange adjustments net of tax	**-**	(4.2)
Items that may not be reclassified subsequently to profit or loss:		
Actuarial gain on retirement benefits net of tax	**0.1**	0.2
Total comprehensive income (loss) for the year	**66.3**	(76.0)
Attributable to:		
Equity holders of the parent	**66.3**	(76.1)
Non-controlling interest	**-**	0.1
	66.3	(76.0)

Group Balance Sheet
At 30 June 2022

	As at 30 June 2022 £m	As at 30 June 2021 £m
Assets		
Non-current assets		
Intangible assets	**493.6**	504.6
Property, plant and equipment	**113.1**	117.4
Right-of-use assets	**101.6**	128.6
Deferred tax assets	**1.4**	3.6
Other receivables	**6.7**	5.1
	716.4	759.3
Current assets		
Inventories	**2.3**	2.0
Other receivables	**34.2**	16.3
Government grants	**-**	0.8
Income tax receivable	**8.1**	10.1
Cash and short-term deposits	**97.9**	69.6
	142.5	98.8
Total assets	**858.9**	858.1
Liabilities		
Current liabilities		
Trade and other payables	**(131.1)**	(126.3)
Lease liabilities	**(40.4)**	(42.2)
Income tax payable	**(4.2)**	(3.1)
Financial liabilities – loans and borrowings	**(33.9)**	(39.4)
Provisions	**(6.9)**	(5.4)
	(216.5)	(216.4)
Net current liabilities	**(74.0)**	(117.6)
Non-current liabilities		
Lease liabilities	**(141.3)**	(164.7)
Financial liabilities – loans and borrowings	**(44.1)**	(77.7)
Deferred tax liabilities	**(20.5)**	(18.3)
Provisions	**(5.6)**	(16.0)
Retirement benefit obligations	**(3.6)**	(3.8)
	(215.1)	(280.5)
Total liabilities	**(431.6)**	(496.9)
Net assets	**427.3**	361.2
Capital and reserves attributable to the Group equity shareholders		
Share capital	**65.0**	65.0
Share premium	**155.7**	155.7
Capital redemption reserve	**33.4**	33.4
Exchange translation reserve	**14.6**	14.6
Retained earnings	**158.7**	92.6
Total equity before non-controlling interest	**427.4**	361.3
Non-controlling interest	**(0.1)**	(0.1)
Total shareholders' equity	**427.3**	361.2

Group Statement of Changes in Equity
For the year ended 30 June 2022

	Share capital £m	Share premium £m	Capital redemption reserve £m	Exchange translation reserve £m	Retained earnings (loss) £m	Reserves attributable to the Group's equity shareholders £m	Non-controlling interest £m	Total equity £m
At 1 July 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
Comprehensive income:								
Profit for the year	**-**	**-**	**-**	**-**	**66.2**	**66.2**	**-**	**66.2**
Other comprehensive income:								
Actuarial gain on retirement benefits net of tax	**-**	**-**	**-**	**-**	**0.1**	**0.1**	**-**	**0.1**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**66.3**	**66.3**	**-**	**66.3**
Transactions with owners:								
Debit in respect of employee share schemes including tax	**-**	**-**	**-**	**-**	**(0.2)**	**(0.2)**	**-**	**(0.2)**
At 30 June 2022	**65.0**	**155.7**	**33.4**	**14.6**	**158.7**	**427.4**	**(0.1)**	**427.3**

Group Statement of Cash Flow
For the year ended 30 June 2022

	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
Cash flows from operating activities		
Cash generated from (used in) operations (see note 13)	**171.3**	(15.3)
Interest received	**5.8**	0.1
Interest paid	**(12.1)**	(15.0)
Tax paid	**(9.9)**	(1.4)
Net cash generated from (used in) operating activities	**155.1**	(31.6)
Cash flows from investing activities		
Purchase of intangible assets	**(14.5)**	(15.9)
Purchase of property, plant and equipment	**(26.1)**	(6.3)
Proceeds from sale of business	**8.8**	25.2
Acquisition of a subsidiary, net of cash acquired	**(0.6)**	-
Net cash (used in) generated from investing activities	**(32.4)**	3.0
Cash flows from financing activities		
Issue of share capital	**-**	68.1
Repayment of term loans	**(29.6)**	(19.7)
(Repayment) drawdown of revolving credit facilities	**(11.0)**	11.0
Lease principal payments	**(53.7)**	(31.8)
Net cash (used in) generated from financing activities	**(94.3)**	27.6
Net increase (decrease) in cash and short term deposits	**28.4**	(1.0)
Effect of exchange rate changes	**(0.1)**	(0.5)
Cash and short term deposits at start of year	**69.6**	71.1
Cash and short term deposits at end of year	**97.9**	69.6

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 2022 were authorised for issue in accordance with a resolution of the Directors on 17 August 2022.

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 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 financial statements have been prepared under the historical cost convention.

Statement of compliance

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards. UK-adopted International Accounting Standards includes standards issued by the International Accounting Standards Board ('IASB') that are endorsed for use in the UK.

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 budget for 2022/23 ('the base case'), and recent trading performance, and have reviewed the Group's projected compliance with its banking covenants and access to funding options for the 12 months ending 31 August 2023 for the going concern period.

The Directors recognise that there is uncertainty at this time caused by the slower than anticipated return of customers to UK land-based leisure entertainment venues, the impact of current geopolitical influences on consumer sentiment and disposable incomes, increase in inflation rates and the overall impact on consumer demand. The Directors note that this has had an impact on the accuracy of budgeting and forecasting in the 2021/22 financial year, and with trading being weaker than anticipated upon the reopening of venues, this has been considered by management when setting the base case for the 2022/23 financial year.

The Directors have reviewed and challenged management's assumptions on the Group's base case. Key considerations are the assumptions on the levels of customer visits in the venues businesses, the number of first time and returning depositors in the digital businesses, and the average level of spend per visit for each. The key base case assumptions on costs are as follows:

- Payroll costs are adjusted for increases in the National Minimum Wage and a pay rise is awarded in April 2023;
- Rent due during 2022/23 financial year is paid on time;
- All tax and duty is paid on time;
- Capital expenditure is in line with strategic plans; and
- Standard payment terms are assumed for supplier payments.

Allowance is made for one-off costs associated with implementation of the Group's strategic plan.

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 £78.8m which reduces to £44.4m in May 2023 due to a scheduled loan repayment; and
- Revolving credit facilities ('RCF') of £80.0m, reducing to £55.0m in July 2023.

At the date of approval of the consolidated financial statements, the term loan was £78.8m and the £80.0m RCF was undrawn. In undertaking their assessment, the Directors also reviewed compliance with the banking covenants ("Covenants") which are tested bi-annually at June and December. The Group expects to meet the Covenants at December 2022 and June 2023 and have available cash to meet liabilities as they fall due.

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 base case plan has also been tested. The two downside scenarios modelled are:

(i) customer/depositor numbers and/or average spend per visit are below base case expectations, offset by direct cost mitigations; and

(ii) as for scenario (i), but taking the revenue decline across the Group further to reflect more recent performance in the last quarter of the 2021/22 financial year, along with a 5% inflationary impact on the variable cost base, in addition to the 8% already included in the base case, to reflect additional impact on underlying costs due to geopolitical influences and pressures on consumers' disposable incomes, offset by reduction in controllable operating costs.

Having modelled the downside scenarios, the indication is that the Group would continue to meet its Covenants in both cases and have available cash to meet liabilities.

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 2023. For these reasons, the Directors continue to adopt the going concern basis for the preparation of these consolidated financial statements and in preparing the consolidated 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.

Going concern statement

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 2023. In making such statement, the Directors highlight forecasting accuracy in relation to the level of trading performance achieved as the key sensitivity in the approved base case.

The Directors have considered two downside scenarios which reflect a reduced trading performance and inflationary impacts on the cost base. In these events, the Group will generate sufficient cash to meet its liabilities as they fall due and meet covenant requirements for the period to 31 August 2023.

Accounting policies

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

Several new, and amendments to, existing IFRS standards and interpretations, issued by the IASB, were effective from 1 July 2021 and have been adopted by the Group during the period with no significant impact on the consolidated results or financial position of the Group.

(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

	Digital £m	Grosvenor Venues £m	Mecca Venues £m	Enracha Venues £m	Central Costs £m	Total £m
	Year ended 30 June 2022					
Continuing operations						
Revenue	**183.3**	**296.6**	**134.0**	**30.1**	**-**	**644.0**
Other operating income	**-**	**2.6**	**1.0**	**-**	**-**	**3.6**
Underlying operating profit (loss)	**18.7**	**45.1**	**(0.8)**	**7.5**	**(30.7)**	**39.8**
Separately disclosed items	**(14.5)**	**15.5**	**34.4**	**7.6**	**(0.7)**	**42.3**
Segment result	**4.2**	**60.6**	**33.6**	**15.1**	**(31.4)**	**82.1**
Finance costs						**(13.1)**
Finance income						**0.1**
Other financial gains						**5.2**
Profit before taxation						**74.3**
Taxation						**(16.9)**
Profit for the year from continuing operations						**57.4**

	Digital £m	Grosvenor Venues £m	Mecca Venues £m	Enracha Venues £m	Central Costs £m	Total £m
	Year ended 30 June 2021					
Continuing operations						
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)

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 separately disclosed items, by type and segment is as follows:

	Year ended 30 June 2022					
	Digital	**Grosvenor Venues**	**Mecca Venues**	**Enracha Venues**	**Central Costs**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Employment and related costs	**24.3**	**103.9**	**43.0**	**14.6**	**19.9**	**205.7**
Taxes and duties	**40.5**	**60.5**	**25.1**	**1.6**	**1.4**	**129.1**
Direct costs	**48.1**	**23.6**	**19.9**	**2.4**	**-**	**94.0**
Depreciation and amortisation	**13.2**	**32.4**	**15.1**	**1.3**	**5.4**	**67.4**
Marketing	**33.2**	**5.9**	**5.8**	**1.7**	**0.1**	**46.7**
Property costs	**0.5**	**8.7**	**4.5**	**0.6**	**1.7**	**16.0**
Other	**4.8**	**19.1**	**22.4**	**0.4**	**2.2**	**48.9**
Total costs before separately disclosed items	**164.6**	**254.1**	**135.8**	**22.6**	**30.7**	**607.8**
Cost of sales						**386.5**
Operating costs						**221.3**
Total costs before separately disclosed items						**607.8**

	Year ended 30 June 2021					
	Digital	Grosvenor Venues	Mecca Venues	Enracha 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
Depreciation and amortisation	13.7	32.9	16.4	1.5	5.8	70.3
Marketing	35.4	2.0	3.5	0.3	-	41.2
Property costs	0.9	3.4	0.2	0.5	1.6	6.6
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

3. Separately disclosed items

	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
Continuing operations		
VAT claim – net of costs	**77.1**	-
Impairment charges	**(47.8)**	-
Impairment reversals	**22.0**	-
Property related provision	**10.4**	(0.2)
Amortisation of acquired intangible assets	**(11.7)**	(11.8)
Closure of venues	**(4.7)**	(2.1)
Integration costs	**(2.8)**	(2.3)
Gain on remeasurement of previously existing interest in joint venture	**0.8**	-
Business transformation costs	**(0.9)**	(5.6)
Acquisition and disposal related costs	**(0.1)**	-
Gaming duty refund	**-**	13.6
Separately disclosed items (1)	**42.3**	(8.4)
Interest on VAT claim	**5.6**	-
Taxation (see note 5)	**(10.5)**	0.3
Separately disclosed items relating to continuing operations	**37.4**	(8.1)
Separately disclosed items relating to discontinued operations		
Profit on sale of business	**8.8**	23.8
Total separately disclosed items	**46.2**	15.7

(1) It is Group policy to reverse separately disclosed items to the same line as they were originally recognised.

VAT claim

On 30 June 2021, the Group was informed that the First-tier Tribunal ('FTT') had allowed the appeal of the Group 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 have a number of avenues of appeal before this matter reaches a definitive conclusion, beginning with an initial 56-day period from the date of decision in which to lodge an appeal and agree the exact guarantee of the claim with the Group. Due to this, the transaction was disclosed as contingent assets in the Group's Annual Report for the year ending 30 June 2021.

On 2 December 2021, the refund has been received in relation to this claim comprising £77.5m principal and interest of £5.6m, with costs directly incurred amounting to £0.4m. This confirms the closure of the claim and the Group assessed no further appeal opportunities to any parties.

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

Impairment charges and reversals

During the year, the Group recognised impairment charges of £47.8m relating to Grosvenor venues and Mecca clubs. The impairments were recognised for various reasons, including lower than anticipated performance post pandemic, low level of forecast earnings, or a decision to close venues.

During the year, the Group also recognised a reversal of previously impaired assets of £22.0m relating to Grosvenor venues and Enracha venues. The reversals were driven by better than anticipated performance and improved outlook in the identified Grosvenor and Enracha venues.

The impairment and impairment reversals are material, non-cash and non-operational related item and as such, has been excluded from underlying results.

3. Separately disclosed items (continued)

Property related provisions
In prior years 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 £10.4m was recognised, being the present value of the amount expected to be paid over the remaining term of the lease.

During the current year, the Group have re-considered this provision in light of the current circumstances and situation for both the Group, the guarantors and the property tenants. It was determined that payment is no longer probable and therefore, the provision was released in full.

This is a material, one-off provision and as such has been excluded from underlying results consistent with the original recognition of the provision.

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 £11.7m (2021: £11.8m) relating to the acquired intangible assets of Stride, YoBingo and Rialto.

Closure of venues
During the current year, the Group made the decision to close a number of Mecca venues. £4.7m (2021: £2.1m) of costs relating to these venues, including dilapidation repairs to which the assets were previously impaired and redundancy costs directly attributed to these venues, had been expensed during the year.

These are material costs incurred outside of usual business activities and as such have been excluded from underlying results.

Integration costs
During the year, £2.8m of costs (2021: £2.3m) 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. Meccabingo.com successfully migrated in January 2022 and grosvenorcasino.com is expected to migrate in September.

Costs directly associated with the integration of business acquisitions are charged to the Group income statement. Such items are material, infrequent in nature and are not considered to be part of the underlying business performance.

Gain on remeasurement of previously existing interest in joint venture
During the year, a gain of £0.8m was recognised on the remeasurement of the previously existing interest in a joint venture following the completion of the purchase of Rank Interactive Limited (previously Aspers Online Limited).

The gain is infrequent in nature and does not represent underlying performance and has been excluded from underlying results.

Business transformation costs
This was 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 was started in January 2019 and is now expected to complete by 30 June 2023 extended from the previously targeted completion date of 31 December 2021 due to COVID-19.

The multi-year change programme is a material, infrequent programme and is not considered to be part of the underlying business performance.

Acquisition and disposal related costs
Acquisition and disposal related costs include non-recurring costs to professional firms that have resulted from acquisition or potential disposal of subsidiary. This has been presented as an Separately disclosed items due to its one-off nature.

3. Separately disclosed items (continued)

Gaming duty refund

During the prior 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 was 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 was classified within operating costs which is where the costs were previously deducted.

Profit on sale of business

Charges or credits associated with the disposal of part or all of a business may arise. Such disposals may result in one time impacts that in order to allow comparability means the Group removes the profit or loss from the underlying operating results.

The Belgium casino sale was reported in the Annual Report and Accounts at 30 June 2021 at a profit of £23.8m. On 2 August 2021 and subsequent to the sale, the Group was advised by the buyer of the outcome of a salary moderation case, the outcome for which was identified in the sale and purchase agreement as being retained in favour of the Group. This legal case has been found in favour of the Group and accordingly on 6 August 2021, the Group received additional proceeds of €3.7m and a further €6.3m on 29 June 2022. This has been recognised as an additional gain on sale of the subsidiary.

The Group also made the decision to release £0.2m of the warranty provision associated with the Belgium casino sale due to passage of time.

Taxation

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

4. Financing

	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
Continuing operations		
Finance costs:		
Interest on debt and borrowings	**(4.5)**	(4.0)
Amortisation of issue costs on borrowings	**(1.9)**	(2.2)
Interest payable on leases	**(6.7)**	(7.8)
Total finance costs	**(13.1)**	(14.0)
Finance income:		
Interest income on net investments in leases	**0.1**	0.1
Other financial losses	**(0.4)**	(0.5)
Total net financing charge before separately disclosed items	**(13.4)**	(14.4)
Separately disclosed items – interest on VAT claim	**5.6**	-
Total net financing charge	**(7.8)**	(14.4)

5. Taxation

	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
Current income tax		
Current income tax – UK	**(0.7)**	6.7
Current income tax – overseas	**(3.5)**	(0.1)
Current income tax on separately disclosed items	**(3.3)**	(0.9)
Amounts (under) over provided in previous period	**(5.4)**	1.4
Total current income tax (charge) credit	**(12.9)**	7.1
Deferred tax		
Deferred tax – UK	**0.2**	4.9
Deferred tax – overseas	**(1.4)**	2.7
Restatement of deferred tax due to rate change	**(0.2)**	(5.3)
Deferred tax on separately disclosed items	**(7.2)**	1.2
Amounts over (under) provided in previous period	**4.6**	(0.2)
Total deferred tax (charge) credit	**(4.0)**	3.3
Tax (charge) credit in the income statement	**(16.9)**	10.4

Tax on separately disclosed items

The taxation impacts of separately disclosed items are disclosed below:

	Year ended 30 June 2022			Year ended 30 June 2021		
	Current income tax £m	**Deferred tax £m**	**Total £m**	Current income tax £m	Deferred tax £m	Total £m
VAT claim – net of costs	**(4.6)**	**(11.1)**	**(15.7)**	-	-	-
Net impairment charges	**1.3**	**3.3**	**4.6**	-	-	-
Property related provisions	**(0.6)**	**(1.4)**	**(2.0)**	-	-	-
Amortisation of acquired intangible assets	**-**	**1.1**	**1.1**	-	1.1	1.1
Closure of venues	**0.5**	**0.4**	**0.9**	0.3	-	0.3
Integration costs	**0.1**	**0.3**	**0.4**	0.4	0.1	0.5
Business transformation costs	**-**	**0.2**	**0.2**	1.0	-	1.0
Gaming duty refund	**-**	**-**	**-**	(2.6)	-	(2.6)
Tax (charge) credit on separately disclosed items	**(3.3)**	**(7.2)**	**(10.5)**	(0.9)	1.2	0.3

Tax effect of items within the statement of changes in equity

	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
Deferred tax credit on employee share schemes	-	0.1
Deferred tax credit on adoption of IFRS 16 Leases	-	3.4
Total tax credit on items within the statement of changes in equity	-	3.5

5. Taxation (continued)

Tax effect of items within other comprehensive income

	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
Current income tax charge on exchange movements offset in reserves	-	(0.2)
Total tax charge on items within other comprehensive income	-	(0.2)

Factors affecting future taxation
The Group operates in a number of territories and so the Group's profits are subject to tax in various jurisdictions. The Group monitors income tax developments in these territories which could affect the Group's tax liabilities. The Group notes recent developments in relation to the OECD inclusive Framework on Base Erosion and Profit Shifting, with the new rules expected to apply to accounting periods beginning on or after 31 December 2023. The Group does not expect these to have a material impact on the Group's tax charge.

UK corporation tax is calculated at 19.00% (year ended 30 June 2021: 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.

On 20 July, the Government of Gibraltar announced the increase in the main rate of corporation tax from 10.00% to 12.50% effective from 1 August 2021.

Both of these rate increases 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 was 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

	Twelve months ended 30 June 2022 £m	Nine months ended 31 March 2021 £m
Revenue	-	4.6
Cost of sales	-	(0.7)
Gross Profit	-	3.9
Other operating costs	-	(2.4)
Underlying operating profit	-	1.5
Taxation	-	(0.4)
Underlying profit for the period from discontinued operations	-	1.1
Gain on sale of the subsidiary after taxation	**8.8**	23.8
Profit for the period from discontinued operations	**8.8**	24.9
Net cash inflow from operating activities	-	1.5
Net cash inflow from investing activities	**8.8**	23.8
Net cash inflow from subsidiary	**8.8**	25.3

6. Discontinued operations (continued)

On 2 August 2021 and subsequent to the sale, the Group was advised by the buyer of the outcome of a salary moderation case which was identified in the sale and purchase agreement as being retained in favour of the Group. This legal case has been found in favour of the Group and accordingly on 6 August 2021, the Group received additional proceeds of €3.7m and a further €6.3m on 29 June 2022. This has been recognised as additional gain on sale of the subsidiary.

(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 Group income statement as additional profit on sale. During the year, the Group recognised £0.2m additional profit on sale within Separately disclosed items of Group income statement.

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
Assets	
Intangible assets	0.9
Property, plant and equipment	0.5
Other receivables	1.6
Income tax receivable	0.3
Assets held for sale	3.3
Liabilities	
Trade and other payables	(2.7)
Liabilities directly associated with assets held for sale	(2.7)
Net assets directly associated with disposal group	0.6

7. Dividends paid to equity holders

No dividend in respect of the year ended 30 June 2022 will be recommended at the Annual General Meeting on 13 October 2022 (year ended 30 June 2021: nil).

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 2022 £m	Year ended 30 June 2021 £m
Profit (loss) attributable to equity shareholders	**66.2**	(72.1)
Adjust for:		
Separately disclosed items after tax	**(46.2)**	(15.7)
Underlying net earnings (loss) attributable to equity shareholders	**20.0**	(87.8)
Continuing operations	**20.0**	(88.9)
Discontinued operations	**-**	1.1
Weighted average number of ordinary shares in issue	**468.4m**	437.3m
Underlying earnings (loss) per share (p) - basic	**4.3p**	(20.1)p
Continuing operations	**4.3p**	(20.3)p
Discontinued operations	**-**	0.2p
Underlying earnings (loss) per share (p) - diluted	**4.3p**	(20.1)p
Continuing operations	**4.3p**	(20.3)p
Discontinued operations	**-**	0.2p

9. Impairment reviews

The Group considers each venue to be a separate cash-generating unit ('CGU'). The Group's digital operations consist of the UK digital business and the International digital business. UK digital and International digital are each assessed as separate CGUs. The individual Grosvenor venues are aggregated for the purposes of allocating the Grosvenor goodwill.

The impairment test was conducted in June 2022, and management is satisfied that the assumptions used were appropriate.

Other than Enracha venues, which performed well in the year, all other Mecca clubs and some Grosvenor venues have indicators of impairment, primarily caused by lower than anticipated performance post the pandemic and low level of forecast earnings. This further resulted to a decision to close a number of Mecca clubs which resulted in impairment of £1.8m.

During the year, the Group also recognised a reversal of previously impaired assets of £22.0m relating to Grosvenor venues and Enracha venues. The reversals were driven by better than anticipated performance and improved outlook in the identified Grosvenor and Enracha venues.

The following impairment charges and impairment reversal have been recognised during the year and disclosed within Separately disclosed items in the Group income statement.

	Property, plant and equipment £m	Right-of-use assets £m	Intangible assets £m	Total £m
Impairment charges				
Grosvenor venues[1]	(5.4)	(8.1)	(13.4)	(26.9)
Mecca venues[2]	(4.9)	(16.0)	-	(20.9)
	(10.3)	**(24.1)**	**(13.4)**	**(47.8)**
Impairment reversals				
Grosvenor venues[1]	2.9	1.1	9.3	13.3
Enracha venues[3]	2.3	0.7	5.7	8.7
	5.2	**1.8**	**15.0**	**22.0**
At the end of the year	**(5.1)**	**(22.3)**	**1.6**	**(25.8)**

(1) Impairment charge and reversal are recorded at the different individual Grosvenor venue CGUs. The total value in use of the CGUs where an impairment charge or impairment reversal was recognised totalled to £132.7m.

(2) Impairment charge and reversal are recorded at the different Mecca venue CGUs. The total value in use of the CGUs where an impairment charge or impairment reversal was recognised totalled to £23.2m.

(3) Impairment charge and reversal are recorded at the different individual Enracha venue CGUs. The total value in use of the CGUs where an impairment charge or impairment reversal was recognised totalled to £25.7m.

10. Government grants

	As at 30 June 2022 £m	As at 30 June 2021 £m
At the start of the year	**0.8**	11.9
Receivable in the year	**3.6**	64.4
Cash received	**(4.4)**	(75.5)
At the end of the year	**-**	0.8

11. 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 2021	15.2	3.9	0.1	1.2	0.2	0.8	**21.4**
Charge to the income statement - separately disclosed items	3.8	-	-	-	-	-	**3.8**
Release to the income statement – separately disclosed items	(10.4)	-	(0.1)	-	(0.1)	(0.3)	**(10.9)**
Utilised in the year	(1.8)	-	-	-	-	-	**(1.8)**
At 30 June 2022	**6.8**	**3.9**	**-**	**1.2**	**0.1**	**0.5**	**12.5**
Current	5.2	0.3	-	1.2	0.1	0.1	**6.9**
Non-current	1.6	3.6	-	-	-	0.4	**5.6**
Total	**6.8**	**3.9**	**-**	**1.2**	**0.1**	**0.5**	**12.5**

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

12. Share capital and reserves

	As at 30 June 2022		As at 30 June 2021	
	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 start of the year	**468.4**	**65.0**	390.7	54.2
Shares issued in year	**-**	**-**	77.7	10.8
At end of the year	**468.4**	**65.0**	468.4	65.0
Share premium				
At start of the year	**468.4**	**155.7**	390.7	98.4
Shares issued in year	**-**	**-**	77.7	57.3
At end of the year	**468.4**	**155.7**	468.4	155.7

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 2022 are 468,429,541 (2021: 468,429,541).

13. 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 2022 £m	As at 30 June 2021 £m
Total loans and borrowings	**(78.0)**	(117.1)
Adjusted for:		
Accrued interest	**0.5**	0.4
Unamortised facility fees	**(1.3)**	(2.7)
	(78.8)	(119.4)
Cash and short-term deposits	**97.9**	69.6
Net debt excluding IFRS16 Lease liabilities	**19.1**	(49.8)
Lease liabilities	**(181.7)**	(206.9)
Net debt	**(162.6)**	(256.7)

14. Notes to cash flow

	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
Profit (loss) for the year	**66.2**	(72.0)
Adjustments for		
Depreciation and amortisation	**67.4**	71.2
Assets written off	**-**	0.5
Net financing charge	**13.4**	14.4
Income tax expense (credit)	**6.4**	(10.1)
Share-based payments	**(0.3)**	(0.2)
Separately disclosed items	**(46.2)**	(15.7)
	106.9	(11.9)
Increase in inventories	**(0.3)**	(0.1)
(Increase) decrease in other receivables	**(18.4)**	4.8
Increase (decrease) in trade and other payables	**12.5**	(14.0)
	100.7	(21.2)
Cash utilisation of provisions	**(1.8)**	-
Cash receipts in respect of separately disclosed items	**72.4**	5.9
Cash generated from (used in) operations	**171.3**	(15.3)

15. 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 2022, 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 were to default on these arrangements, the obligation for the Group would be £1.1m 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 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.

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.

17. Acquisition of subsidiary undertakings

On 21 April 2022, the Group completed the purchase of the remaining 50% shareholding of Rank Interactive Limited (formerly known as Aspers Online Limited) for a total consideration £1.3m. Of this consideration, £0.5m was paid in cash on completion in lieu of the outstanding loan balance the Group owed to the seller and £0.8m in contingent consideration. The contingent consideration will be equivalent to a percentage of the net gaming revenue generated from the acquired customer database. A present value of £0.8m has been provisionally recognised for the contingent consideration and is dependent upon the date a competing online gaming operation is established.

17. Acquisition of subsidiary undertakings (continued)

At the date of acquisition, the fair value of assets acquired and liabilities assumed, goodwill and consideration, including the fair value of the Group's pre-acquisition 50% shareholding at the acquisition date, are outlined below. The fair value of operational cash and trade and other payables totalling £0.5m corresponds to their book value.

	£m
Customer relationships	**1.4**
Cash	**0.1**
Trade and other payables	**(0.6)**
Deferred tax liability	**(0.4)**
Net assets acquired	**0.5**
Goodwill	**2.1**
Total consideration	**2.6**

The goodwill consists of future revenue opportunities attributable to new customers, the new brands and development of technology and amounts that are required for general operational purposes. No amount of the goodwill recognised is expected to be deductible for tax purposes.

At the date of acquisition, the Group recognised a gain of £0.8m on remeasurement of its pre-acquisition 50% shareholding and acquisition related costs of £0.02m both of which were recognised as Separately disclosed items in the Group income statement.

In the year ended 30 June 2022, Rank Interactive Limited contributed statutory revenue of £0.8m and profit before tax of £nil. If the acquisition had occurred at the beginning of the year, the continuing statutory revenues of the entity in the 12 months to 30 June 2022 would have been £6.1m and loss before tax would have been £0.2m.