國浩集團有限公司
Guoco Group Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 53)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.10(B) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached announcement on the next page.

As at the date of this announcement, the board of directors of Guoco Group Limited comprises Mr. KWEK Leng Hai as Executive Chairman; Mr. CHEW Seong Aun as Executive Director; Mr. KWEK Leng San as Non-executive Director; Mr. David M. NORMAN, Mr. Lester G. HUANG, SBS, JP and Mr. Paul J. BROUGH as Independent Non-executive Directors.

News release

LEI: 213800TXKD6XZWOFTE12

17 August 2023

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

Preliminary results for the 12 months ended 30 June 2023

Performance in line with upgraded guidance

Rank (LSE: RNK) is pleased to announce its preliminary results for the 12 months ended 30 June 2023.

Overview

- Like-for-like ('LFL') underlying operating profit for the full year was £20.3m, in line with the upgraded guidance provided in April 2023, but down on the prior year of £42.5m.
- H2 profit performance was stronger than H1, with LFL underlying operating profit of £16.1m, compared with just £4.2m in H1.
- LFL underlying venues NGR grew 6% on the prior year, with good momentum continuing into Q1 2023/24.
- Underlying digital NGR grew 10% year on year with LFL underlying operating profit growing 7% to £18.8m.
- Despite revenue growth, underlying venues operating profit of £40.9m was down 27%, or £14.8m, on the prior year, reflecting significant cost increases, notably employment up £15.9m and energy up £5.4m.
- 70% of the Group's energy costs for 2023/24 are fixed and we anticipate total energy costs for 2023/24 to be circa £20m, down from £28.6m in 2022/23.
- Group increased investment in colleague pay during the year, raising average pay by 10% focused on lower salaried colleagues. 2023/24 employment costs are expected to be circa 7% higher than 2022/23.
- Refinancing concluded with £100m of committed revolving credit facilities to November 2024, reducing to £75m through to February 2025.
- Our balance sheet strength enables continued investment in both the digital and venues businesses which positions the Group well for future growth, including from the UK Government's review of gambling legislation which will deliver important reforms for land-based bingo and casino venues.
- Good progress being made in the Group's ESG strategy with a net zero plan now in place and further improvements seen in the protection of our customers, the engagement of our colleagues and the role we play within local communities.

Financial highlights

		2022/23	2021/22	Change
Financial KPIs	Group underlying LFL net gaming revenue (NGR)[1]	**£679.7m**	£633.2m	7%
	Digital underlying LFL NGR[1]	**£202.9m**	£183.8m	10%
	Venues underlying LFL NGR[1]	**£476.8m**	£449.4m	6%
	Underlying LFL operating profit[1,2]	**£20.3m**	£42.5m	(52)%
	Net (debt) / cash pre IFRS 16	**£(3.9)m**	£16.9m[3]	-
	Underlying earnings per share[2]	**1.2p**	4.0p	(70)%

		2022/23	2021/22	Change
Statutory performance	Reported NGR	**£681.9m**	£644.0m	6%
	Group operating (loss) / profit	**£(109.8)m**	£80.8m[3]	-
	(Loss) / profit before taxation	**£(122.7)m**	£73.0m[3]	-
	(Loss) / profit after taxation	**£(95.3)m**	£64.9m[3]	-
	Net free cash flow	**£(20.3)m**	£59.5m[3]	-
	Net (debt)	**£(172.9)m**	£(164.8)m[3]	-
	Basic (loss) / earnings per share	**(20.4)p**	13.9p[3]	-
	Dividend per share	**-**	-	-

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

- LFL underlying operating profit of £20.3m declined 52% from £42.5m in 2021/22 predominantly due to underlying cost inflation.
- Statutory Group operating loss of £109.8m includes £118.9m of impairment charges, due to lower than expected performance in the year, and £7.7m of closure costs relating to 16 venues which were closed in the year.
- Net debt pre IFRS 16 at 30 June 2023 was £3.9m.

Operational highlights

- Grosvenor venues LFL NGR grew 4% in the year. An NGR decline of 5% in H1 was followed by a growth of 15% in H2, as the business continued to improve the quality of its safer gambling measures and invest in its people, products and facilities.
- Grosvenor venues customer visits grew 7% on the prior year with customers continuing to return to casinos following the lockdowns of 2020 and 2021.
- Mecca venues LFL NGR grew 7%, with customer visit volumes up 4%, continuing the slow recovery from the impact of the pandemic, particularly on the older cohort of bingo customers who have been slowest to return.
- Mecca estate now more profitable and sustainable following the closure of 15 Mecca clubs in the year, taking the Mecca estate to 56 venues.

- Enracha venues delivered very strong LFL NGR growth of 19%, on customer visit volumes up 16% against the prior year.
- Digital NGR grew 10% in the year following the successful completion of the migration of the Rank brands onto the proprietary technology platform and the subsequent transfer of development resource to the delivery of enhancements to customer journeys, services and products.
- Successful completion of Gambling Commission assessments in Mecca and Grosvenor, and a Gibraltar Commissioner assessment in the UK digital business. In respect of the Grosvenor assessment, the Gambling Commission has provided an early indication that it has seen a satisfactory outcome and we are awaiting the formal written notification.
- A strong transformation plan for each of the Group's businesses provides a three-year programme of headline growth initiatives centred on maximising the opportunities afforded by the UK Government's planned legislative reforms for land-based gambling and growing our Digital business both within the UK and internationally.
- Jon Martin appointed Chief Operating Officer in the year, taking responsibility for the development and delivery of the Group's cross-channel customer experience; Andrew Peat appointed UK Digital Managing Director, joining H1 2023/24.
- Following the year end, Mark Harper has joined the Group as Grosvenor Managing Director from 14 August 2023 and Keith Laslop has been appointed Non-Executive Director with effect from 1 September 2023.

Current trading and outlook

The new financial year has started strongly across all of the businesses with overall underlying Group LFL NGR ahead by 16% compared with the prior year.

Grosvenor venues NGR has grown 17% in the first six weeks with visits up 13%. Grosvenor venues trading performance outside London is strong with NGR up 25% and visits up 15%, but the performance in London is softer with NGR up only 5% on the same period last year.

Mecca venues had a very strong start to the year, benefitting from the wet weather in July and early August with NGR up 17%. Enracha venues NGR is ahead of the prior year by 12%.

Digital NGR is up 13% in the opening six weeks, continuing to benefit from new product and service enhancements and greater levels of personalisation for our customers.

Despite the generally challenging trading conditions, with inflation still running high and the increase in interest rates impacting consumer discretionary expenditure, we expect to see good levels of revenue increase year-on-year and to grow our profitability in 2023/24.

Dividend

Taking account of the continued challenging trading environment and the strong pipeline of investment opportunities to drive revenue and profit growth, the Board has not proposed a full year dividend but expects to recommence dividend payments as soon as circumstances permit.

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

"The return of customers to our Grosvenor and Mecca venues continues to pick up and our second half numbers give cause for optimism after a very challenging couple of years. During that time, our UK venues have faced a surge in energy costs, high wage inflation, a tightening in the regulatory environment, the slow return of overseas visitors to London's casinos and the more general pressures on the consumer's discretionary expenditure. However, energy costs have stabilised, inflation appears to now be easing, customers continue to slowly return to both our Grosvenor and our Mecca venues and we now expect to deliver good levels of revenue and profit growth.

Our Digital business is performing strongly, and we have a strong pipeline of customer facing developments in both our UK and Spanish brands to drive revenue and profit growth. We are very focused on delivering a market leading cross-channel experience for our Grosvenor and Mecca customers with several key developments landing during this new financial year.

The UK Government's white paper on gambling reform sets out a number of important public policies which will enable the land-based bingo and casino sectors to modernise the customer proposition to better meet the needs of today's consumers. The delivery of the secondary legislation to enable these reforms cannot come soon enough and we are well advanced with plans to maximise these opportunities.

I am hugely grateful to my colleagues across the Group who continue to excite, entertain and protect their customers, provide support to their local communities and contribute fully to the progress we are making in the transformation of Rank."

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;
- '2022/23' refers to the 12-month period to 30 June 2023, '2021/22' refers to the 12-month period to 30 June 2022 and 'CY 2019' refers to the 12-month period to 31 December 2019;
- 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;
- 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

Analyst meeting and webcast details:
Thursday **17 August** 2023
There will be an analyst meeting at 9.30am, admittance to which is by invitation only. There will also be a simultaneous webcast of the meeting.

For the live webcast, please register at www.rank.com. A replay of the webcast and a copy of the slide presentation will be made available on the website later. The webcast will be available for a period of six months.

Forward-looking statements

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

Business review

During H1 2022/23, the Group undertook a review of the Group's central costs and concluded it is appropriate that a proportion of these costs should be allocated to each of its operating business units. Consequently, we have presented operating profit pre and post the central cost reallocation and, to aid comparisons, 2021/22 operating profit for each business unit has been restated accordingly.

The year to 30 June 2023 saw the continued recovery of our venues businesses following the very heavy impact of pandemic lockdowns and the subsequent sharp rise in inflation, interest rates and energy costs. In the UK, both Grosvenor and Mecca venues saw accelerated revenue recovery in the second half of the year with profit conversion improving as energy costs began to fall. In Spain, Enracha continued its strong recovery and saw its annual revenues back above pre-pandemic levels. Our digital business maintained double digit revenue growth and is making an increasing contribution to the Group's overall profitability.

At a Group level, underlying like-for-like ('LFL') NGR of £679.7m was up 7% against the prior year. All businesses within the Group were in LFL revenue growth in the year with Grosvenor venues at +4%, Mecca venues at +7%, Enracha venues at +19% and Digital at +10%. With continued recovery in the venues businesses, revenue in the second half of the year grew 13% on the prior year compared with the 2% year on year growth posted in the first half.

The trading update issued in December 2022 reflected lower than expected performance in the first half of the year and rebased future performance expectations. This was the main driver of the £118.9m of impairment charges for the current year and relates to a number of our Grosvenor, Mecca and Enracha venues.

Despite the improving revenue position, underlying LFL operating profit of £20.3m was down 52% against the prior year (£42.5m), reflecting the significant increases in energy and employment costs and the absence of Government furlough payments and other pandemic related support which continued to support the Group in 2021/22.

Energy costs are expected to be circa £20m for 2023/24, down from £28.6m in 2022/23.

NGR / £m	**2022/23**	**2021/22**	**Change**
Grosvenor venues	306.3	293.9	4%
Mecca venues	134.1	124.8	7%
Enracha venues	36.4	30.7	19%
Digital	202.9	183.8	10%
Underlying LFL[1] Group	**679.7**	**633.2**	**7%**
Impact of venues openings, closures and FX[2]	2.2	10.8	-
Underlying Group	**681.9**	**644.0**	**6%**
Operating profit / £m	**2022/23**	**2021/22**	**Change**
Grosvenor venues	27.7	45.4	(39)%
Mecca venues	4.0	2.0	100%
Enracha venues	9.2	8.3	11%
Digital	18.8	17.5	7%
Central costs	(39.4)	(30.7)	28%
Underlying LFL[1] Group	**20.3**	**42.5**	**(52)%**
Operating profit / £m	**2022/23**	**2021/22**	**Change**
Presentation post reallocation of central costs:			

Grosvenor venues	16.3	36.5	(55)%
Mecca venues	(5.8)	(4.9)	(18)%
Enracha venues	9.1	8.2	11%
Digital	13.8	13.4	3%
Central costs	(13.1)	(10.7)	22%
Underlying LFL[2] Group	**20.3**	**42.5**	**(52)%**
Impact of venues openings, closures, and FX[2]	(1.2)	(4.0)	-
Total Group	**19.1**	**38.5**	**(50)%**

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

Grosvenor venues

Key financial performance indicators:

	2022/23 £m	2021/22 £m	Change
LFL[1] NGR	306.3	293.9	4%
London	99.3	98.9	0%
Rest of the UK	207.0	195.0	6%
Total NGR	306.3	296.6	3%
Underlying[2] LFL[1] operating profit pre-central cost reallocation	27.7	45.4	(39)%
Underlying[2] LFL[1] operating profit post-central cost reallocation	16.3	36.5	(55)%
Total (loss) / profit	(35.4)	51.7	-

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

Grosvenor venues' underlying LFL NGR was up 4% compared to the prior year. Recovery from the combined impact of lockdowns during the pandemic and tightened affordability restrictions has been slower than expected. NGR declined 5% in the first half against the prior year but grew 15% against H2 2021/22.

Average weekly NGR grew from £5.8m in Q1 to £6.0m in Q2 and Q3 before falling back to £5.8m in our traditionally softer Q4. The respective year on year movements were (5)%, (5)%, +15% and +16%.

Grosvenor's London casino estate continues to perform below the levels seen prior to the pandemic. The rise of working from home following the pandemic has impacted visitor volumes in London but the most material effect remains the slow return of customers from the Middle East and from East and South-East Asia. With fewer international customers arriving in London, competition amongst London's casinos is more intense than ever. Revenue in the London estate was flat on the prior year.

The Grosvenor Russell Square casino was permanently closed in the year reducing the overall Grosvenor estate to 51 casinos, representing 43% of the UK market's 118 casinos.

Rest of the UK performance has been recovering more quickly. NGR was up 6% against the prior year on visits up 7%.

The largely fixed or semi-fixed cost base of the Grosvenor business delivers significant operating leverage as revenues grow. With revenues slow to recover to pre-pandemic levels, inflationary pressure on employment and other costs resulted in LFL underlying operating profit post-central cost recharges of £16.3m in the year (down from £36.5m in 2021/22). The key cost pressures on the business have been seen in salaries and wages +£12.2m, energy +£3.8m, and property maintenance +£2.3m.

The Grosvenor team has continued to focus on driving operating cost efficiencies in the year including the further rollout of a table operating system to ensure table gaming is operating as efficiently as possible, LED lighting and other energy saving initiatives, reductions in trading hours in selected venues and a rationalisation of the food and beverage offering to reduce wastage and improve operating margins.

The increase in salary and wage costs in the Grosvenor business reflects the labour market pressures since reopening following lockdown in May 2021. The absence of European croupiers coming to the UK as a result of Brexit has added to the broader job market pressures within the hospitality sector. The investment the business has made in colleague salaries and wages has significantly eased these employment pressures and supported the ongoing improvement in colleague engagement and eNPS scores across the Grosvenor estate. The Grosvenor management team has also been further strengthened with the addition of two further Regional Operations Managers in the year and the build out of a new high value customer team to better support the needs of higher staking customers particularly within the very competitive London market.

The Group has continued to invest in the Grosvenor business both to improve the quality of the customer proposition and to prepare the estate for the impact of the UK Government’s review of gambling legislation for land-based casinos which, following the publication of the white paper in April 2023, is now expected to be implemented during 2024/25.

£7.1m has been invested in property refurbishments during 2022/23. Merchant City, Glasgow, is a high footfall venue in a very good location which has historically performed strongly but had needed updating. The venue has had a complete overhaul with the introduction of new brand standards which help to underline the entertainment and excitement of the Grosvenor customer proposition. Grosvenor Merchant City now has a bar, sports viewing area, restaurant and gaming machines on the ground floor with a modern and vibrant gaming and poker floor below. It has been an important development in broadening the appeal of casinos and the brand identity and brand guidelines have been gradually rolling out across the wider Grosvenor estate.

In the London estate, Grosvenor Gloucester Road has undergone a full refurbishment to better meet the needs of its Kensington customer base. The development includes a wholly refurbished gaming floor and a new restaurant and bar area. Grosvenor Bayswater (formerly the Golden Horseshoe) also now enjoys the benefit of a new restaurant and bar area which is proving very popular with its customers. All development projects continue to be designed for the implementation of up to 80 gaming machines once the policy decisions in the Government’s review of gambling legislation are enacted.

£6.0m has been invested in new electronic gaming terminals, gaming machines, tables and wheels during the year. New gaming machines are being trialled for future implementation. Total capital investment in the Grosvenor estate in the year was £19.5m.

A new electronic roulette game has also been rolled out across the Grosvenor estate. Called Going for Gold, the game is the first to offer UK casino customers a side bet progressive with jackpots that run to hundreds of thousands of pounds. Another new initiative has been the roll out of a new local marketing tool and framework that enables casinos to identify, review and contact cohorts of contactable customers using SMS messaging; email capability will very soon be added to the functionality.

The Grosvenor business completed a Gambling Commission compliance assessment during 2022/23. There were several changes to policies and to practices to better protect our customers that were identified during the assessment process. Having implemented a new risk model in the prior year, this has now been rolled out on an app for colleagues to use to assess customer risk, determine the nature of the required customer interaction and to record and evaluate the outcomes. This provides a tighter framework for managing customer risk to ensure customers are playing within their means. It also enables earlier and, consequently, more positive interaction with our customers.

During the year, Grosvenor recognised an impairment charge of £53.3m relating to 23 venues due to lower than expected trading performance, and an impairment reversal of £6.6m relating to another seven venues.

Mecca venues

Key financial performance indicators:

	2022/23 £m	2021/22 £m	Change
LFL[1] NGR	134.1	124.8	7%
Total NGR	136.3	134.0	2%
Underlying[2] LFL[1] operating profit pre-central cost reallocation	4.0	2.0	100%
Underlying[2] LFL[1] operating (loss) post-central cost reallocation	(5.8)	(4.9)	(18)%
Total (loss) / profit	(74.1)	26.7	-

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

2022/23 has been something of a turnaround year for Mecca venues following the severe downturn the land-based bingo sector suffered as a result of the pandemic lockdowns. The bingo industry emerged from the pandemic with a smaller customer base and with the consequent lower revenues resulting in weaker prize boards. Stronger bingo venues in terms of prize fund liquidity have been able to sustain strong businesses and have attracted custom from weaker venues. Across the sector, post-pandemic, there has been too many bingo venues.

Mecca venues emerged from lockdown with an estate of generally strong bingo venues. Nevertheless, the downturn in customer numbers and revenues necessarily led to some closures. Bingo venues are social amenities which play a very important role within their local communities and therefore the decision to close a venue is not taken lightly. However, having given the lower liquidity Mecca venues every opportunity to recover and to return to profitability, 15 venues were permanently closed during 2022/23. This has reduced the Mecca estate to 56 venues. These 56 stronger venues have improved their appeal to customers with LFL NGR for the Mecca estate growing 7% against the prior year.

With a strengthened leadership team in place, Mecca venues ended the year with strong momentum. In the first half of the financial year NGR grew 4% on the prior year on customer visit volumes also growing by 4%. H2 2022/23 LFL NGR grew 11% on visitor volumes up 4%, with strong H2 performances from bingo and machine gaming. The business continues to see the return of customers following the pandemic despite reopening two years prior. However, the business continues to attract high volumes of new customers with circa 4% of customers every week being new to Mecca. Over 50% of new customers to Mecca are aged under 35.

Mecca's customer net promoter score ('NPS') further improved, rising from +61 last year to +78 in 2022/23. The increasing momentum in the business also reflects in our colleague eNPS scores which further increased from +4 in 2021/22 to +25 in 2022/23.

Main stage bingo NGR grew 24% on the prior year, driven by the success of strong prize boards and the addition of a new bingo variant. Interval bingo NGR grew 9% and food and beverage sales grew 6%. Gaming machine NGR grew by just 2% in the year, but with stronger momentum in the second half of the year which saw NGR grow by 7%. Much work is ongoing across the Mecca estate to improve the quality of the machine offering and we are hopeful that the announced change in the Government's white paper to the makeup of machines in bingo venues, which currently restricts Category B3 machines to just 20% of the gaming machine offering, will enable Mecca to better meet the needs of today's consumers.

With LFL NGR growing £9.3m in the year, Mecca's LFL underlying operating loss post-central cost was £5.8m, down from £4.9m in 2021/22. The key cost increases in the year were energy +£1.3m and property maintenance +£1.5m, offset by reductions in duty and employment costs.

The performance of Mecca Luton, which reopened in March 2022, continued to improve during the year, delivering many learnings in terms of its attractiveness to a broader customer base. Consequently, investments have been made in the year at nine Mecca venues, primarily focusing on updating their external appearance and improving the quality of the gaming machine offering. Playsafe, a system which supports the provision of real time information for our colleagues on individual customer machine play has been successfully rolled out across the estate. Total capital investment in the Mecca estate in 2022/23 was £12.5m.

During the year Mecca recognised an impairment charge of £61.5m relating to 70 venues, including some which were closed in the year, due to the lower than previously expected performance.

Enracha venues

Key financial performance indicators:

	2022/23 £m	2021/22 £m	Change
LFL[1] NGR	36.4	30.7	19%
Total NGR	36.4	30.1	21%
Underlying[2] LFL[1] operating profit pre-central cost reallocation	9.2	8.3	11%
Underlying[2] LFL[1] operating profit post-central cost reallocation	9.1	8.2	11%
Total profit	4.9	15.0	(67)%

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

The Enracha estate of nine bingo, machine gaming and sports betting venues in Spain performed strongly with underlying LFL NGR growing 19% over the prior year. LFL NGR of £36.4m was the result of continued strong growth in gaming machine NGR (AWPs, electronic roulette and B3/B4 bingo machines) which were up 25%, with main stage bingo NGR up 10% on the prior year. This improving NGR position for bingo reflects the strength of bingo liquidity and prize boards across the Enracha venues estate.

Customer visits grew 16% in the year.

Enracha delivered a LFL underlying operating profit post allocation of central costs of £9.1m, up 11% on the £8.2m operating profit in 2021/22. The key areas of cost increase were seen in employment costs which were up £3.0m and energy costs which were up £0.4m on the prior year. The reallocation of central costs only marginally impacted LFL underlying profit at £9.1m.

Capital investment in the year of £1.2m was focused on completing the rollout of TiTo (the ticket in ticket out customer payment and withdrawal mechanism for gaming machines), a trial of a loyalty programme in selected venues, the rollout of a new food and beverage electronic point of sale ('EPOS') system, machine jackpot display screens and the continued upgrade of the gaming machine estate.

During the year Enracha venues recognised an impairment charge of £4.1m relating to two venues whose performance was lower than anticipated.

Digital

Key financial performance indicators:

	2022/23 £m	2021/22 £m	Change
LFL[1] NGR	202.9	183.8	10%
Mecca	72.6	66.9	9%
Grosvenor	57.0	49.8	14%
Enracha/Yo	24.1	21.5	12%
Other including Stride legacy brands	49.2	45.6	8%
Total NGR	202.9	183.3	10%
Mecca	72.6	66.9	9%
Grosvenor	57.0	49.8	14%
Enracha/Yo	24.1	21.0	15%
Other including Stride legacy brands[3]	49.2	45.6	8%
Underlying[2] LFL[1] operating profit pre-central cost reallocation	18.8	17.5	7%
Underlying[2] LFL[1] operating profit post-central cost reallocation	13.8	13.4	3%
Total profit/(loss)	4.7	(1.2)	-

1. Results are presented on a like-for-like ('LFL') basis which removes the impact of foreign exchange.
2. Before the impact of separately disclosed items.
3. Includes contribution from Passion Gaming.

The digital business has performed strongly in the year with LFL NGR growth of 10% to £202.9m and underlying LFL operating profit pre allocation of central costs growing 7% to £18.8m. After the reallocation of £5.0m of costs previously assigned as central costs, but now appropriately charged to the digital business, the full year underlying operating profit was £13.8m.

LFL NGR, excluding Enracha/Yo, was up 10% on the prior year at £178.8m. Now fully operating on the RIDE proprietary platform, the Mecca and Grosvenor brands continued to improve their performance with Mecca growing NGR 9% and Grosvenor growing 14% year on year. Our other UK facing brands saw NGR grow 8% in the year.

With the successful conclusion of the project to ready the RIDE platform for the migration of the Mecca and Grosvenor online sites, the digital team is now focused on further improving the products, services and user journeys for our customers. Much greater personalisation has been added to the Mecca and Grosvenor sites during the year so that the customer increasingly receives an offering which more suitably meets their preferences. New live gaming tables have been added both from Grosvenor venues and from a new live dealer studio opened during the year. Safer gambling player journeys continue to be improved to reduce friction for customers and a new markers of harm model has been successfully introduced to further help identify at risk play in real time.

The development effort in the software engineering hub in Cape Town is centred on the next phase of delivering a seamless cross-channel experience to customers including a unified customer membership system, a single content management system operating across all the digital brands and further modernising the RIDE platform to speed up the development time and to increase both capacity and reliability. Artificial Intelligence ('AI') is being added to customer journeys and in particular to customer support to improve our responsiveness to customers. The development of a single cross-channel central engagement platform has also now been successfully completed and is being rolled out across key data driven processes such as real time predictive models, cross channel single customer view and real time business performance reporting. The business continues to build out its operations hub in Mauritius which provides a high-quality capability across a number of key back office, marketing and customer management functions.

In Spain, the Yo and Enracha brands grew LFL NGR by 12% in the year. YoSports was successfully launched prior to the FIFA World Cup and the site has received a good response from customers. The ability to accelerate growth in the Spanish market is constrained by the marketing restrictions introduced by the Government in 2021. However, the launch of YoSports has supported customer acquisition and revenue growth in the year and further initiatives, including platform and site enhancements and product developments are in the pipeline to further support the YoBingo, YoCasino and Enracha brands.

The application to the Portuguese regulator for a licence to launch YoBingo is ongoing, the timescale largely the result of no other bingo brand having yet been licensed in Portugal.

Passion Gaming, the online Indian rummy business in which Rank holds a 51% share, grew LFL NGR by 33% in the year following the easing of regulatory restrictions in certain states.

Group liquidity

The Group ended the year with total cash and available facilities of £101.4m.

In May 2023, the Group made its scheduled term loan repayment of £34.5m in line with the agreed loan amortisation profile reducing its term loan to £44.4m.

In August 2023, the Group secured a financing package which totalled £100m of revolving credit facilities. £25m is committed until November 2024 and the remaining £75m is committed until February 2025. The Group has subsequently repaid the remaining term loan of £44.4m.

The Group will look to replace the £100m of RCF with a longer-term financing package in 2023/24 when it anticipates securing better financing terms, driven by additional consecutive months of improved trading.

The Group expects to meet all future financial covenants under its current lending facilities.

Sustainability update

We are continuing to mature our approach to ESG and have strengthened governance of sustainability initiatives and performance through the formation of new working groups, comprising of individuals across the business and supported by external consultants.

In recognition of the importance of ESG on our long-term business success, we have also introduced eight key performance indicators (KPIs) across our four focus areas – Customers, Colleagues, Environment and Communities.

Customers - Customer Net Promoter Score ('NPS') - % of [UK] digital customers who use safer gambling tools - Customer feedback score relating to Rank's approach to safer gambling* - Employee NPS relating to Rank's approach to safer gambling*	*Environment* - Energy intensity ratio*
Colleagues - Employee NPS* - % of females in senior management	Community - Total charitable funds raised

For detail of Rank's performance please refer to the Strategic update section.

*Four of these KPIs are linked to executive compensation and further embed the importance of ESG into our core objectives and culture.

Customers

Safer gambling remains a primary commitment in both our business and sustainability strategy. Our goal is to deliver an entertaining experience and, therefore, we want all our customers to play within their means. Safer gambling is a constant consideration in every customer engagement.

We continue to invest in technology to ensure that we remain at the leading edge when it comes to player protection. Through the development of our bespoke Central Engagement Platform ('CEP'), we are bringing all customer data into one singular platform, improving customer visibility and enabling us to better monitor their play across all our brands, digital and land based. Through adding automation to the alert system for detecting potential problem gambling it has already enhanced the ability of our Grosvenor venues to observe incidences of harmful play in real time and to make interventions where required.

The experience and dedication of our colleagues remains an invaluable tool in safeguarding customers' mental and financial wellbeing. The relationships our venue teams have established with their customers delivers an irreplaceable human understanding of play at the individual level. To complement the abilities of our staff in identifying 'at-risk' play, we have invested significantly in employee training. Over 1,200 of our colleagues across Grosvenor, Mecca and UK Digital businesses received in-depth training to detect and deal with harmful gambling and have reported improved understanding of potential risks and more confidence in taking action when they identify concerning playing behaviour.

Colleagues

To enhance our approach to colleague engagement, we introduced the position of Chief People Officer this year and we have been pleased to see the immediate impact this new role and focus has had. There is now a stronger focus on culture across the organisation, and we are making great strides in elevating the employee experience. Our People and Culture function have been restructured to improve the flow of information from all our locations up to Group level, ensure we are well placed to support our people and culture plans on a local level, and provide oversight of all aspects of the employee development lifecycle. This has helped to assess what works well and determine where we can improve. Whilst we have invested greatly in employee professional development, we know there is more to be done to make sure that everyone is being brought along on the Group's journey. Our conception of a compelling new Employee Value Proposition ('EVP') is central in addressing this. The EVP will improve outcomes for employees in every country of operation through the restructuring of our rewards and benefits policy and creates a greater cohesion through improved integration of our company values. The results are already being realised in the evident quality of people we are bringing into the business, including at executive level.

Environment

Our consideration for our environmental impact has accelerated in recent years. This analysis reflects not only our commitment to being a responsible corporate citizen, but also in recognition of the material financial savings made possible by improving energy efficiency.

The Group is now fully committed to being net zero by 2035 for all Scope 1, 2 and selected Scope 3 emissions and fully net zero across all scopes by 2050.

Our newly formed Net Zero Working Group oversees decarbonisation initiatives across Rank. This year, the first step has been to conduct an extensive energy audit of our venues in both the UK and Spain. By establishing a utilisation baseline, we now have a clear and comprehensive understanding of where energy savings and carbon reductions can be made. The application of monitoring technology in the UK captures energy use right down to the machine level, and the data collected will additionally support preventative maintenance programmes, further improving both the carbon and cost efficiency of our operations.

Informed by our energy assessment, we have established Group-wide interim Net Zero targets and are developing a strategy to support the achievement of these objectives. In Spain, we have already installed LED lighting, and we have introduced a number of simple solutions in our Mecca venues this year to reduce energy consumption.

Fundamental to the success of our net zero strategy, will be the buy-in and strategy implementation from our colleagues. We are therefore developing an internal programme to raise awareness and instil behavioural change throughout our support offices and venues.

Communities

We greatly value the connections we have with the communities where we operate. Whenever I visit a venue, I am always struck by how much our employees truly care about their customers. Bingo is an important weekly social occasion for many; as a result, our Mecca colleagues strike up strong relationships with their customers and will even reach out to check-in on elderly patrons when they do not attend in line with their usual routine.

Embedded in these communities as we are, we can provide support that meets local need. Taking a largely decentralised approach to our philanthropic endeavours, we allow our clubs autonomy on the initiatives they champion. This year's activities have included everything from hosting community meetings and events in our venues, to donating to Easter and Christmas hampers as part of campaigns to support underprivileged groups.

At Group level we are proud to have been partnered with Carers Trust for almost a decade. This year alone, we provided support to 480 carers, with colleagues raising £0.3m through hosting charity poker nights, completing marathons and bike rides, and much more.

Further detail regarding our sustainability strategy and the progress made in the year will be outlined in our 2023 sustainability report which will be published in September 2023.

Regulatory update

The UK Government's white paper, published on 27 April, set out public policy for reforms to land-based and online gambling regulation and legislation. The reforms to land-based casinos and bingo are critical to ensuring that we can meet the needs of today's consumers.

The Government plans to enable casinos to offer up to 80 gaming machines on a 5:1 machine to live gaming table ratio, subject to the size of the venue and the available non-gaming space. Casinos will also be able to offer sports betting facilities and enable electronic payments, rather than just cash, on gaming machines. These modest but essential reforms, which will be delivered through secondary legislation, will enable the UK's casinos to better meet the expectations of customers.

The white paper also supports enabling credit to be offered to High Net Worth international customers visiting the UK. The extension of table games such as blackjack on electronic terminals to enable customers to play at lower staking levels has been left as an open issue requiring further review. Both of these reforms would require primary legislation, something which is unlikely to happen in the foreseeable future.

In bingo, the Government has supported reform to the current restriction that requires no more than 20% of the gaming machines to be category B3 (£2 maximum stake and £500 maximum prize), with the balance required to be category C and D machines which are increasingly unpopular with customers. Category B3 machines account for over 70% of machine revenues in Mecca. Rather than removing the rule, the Government has proposed establishing a new 50% rule, requiring half of the available machines to be category C or D. This reform, whilst not going quite as far as we would wish, will enable us to go some way in modernising the machine offering for Mecca's customers. The bingo reforms also include allowing customers to make electronic, rather than simply cash, payments.

The Government has outlined that it expects these critical land-based reforms to be implemented through secondary legislation (positive statutory instruments) by the summer of 2024.

In the digital sector, the Government is consulting on a maximum staking limit for online slot games which would subsequently be delivered through secondary legislation. The other reforms to online gaming, including changes to game design, an opt in requirement for cross-sell and financial risk assessments (to provide a frictionless check on a customer's means), will be delivered by changes to regulations (Licence Conditions and Codes of Practice ('LCCP')) following consultations now being conducted by the Gambling Commission. The Commission anticipates that the full programme of reforms to LCCP will take three years to deliver. We would not expect a customer centric approach to these regulatory reforms to have a material impact to our UK facing digital business which is already positioned to ensure we provide very high levels of protection to our customers.

Board changes

Having completed over six years on the Board, Steven Esom, Non-Executive Director and Chair of the Remuneration Committee, stepped down from the Board on 31 December 2022.

Lucinda Charles-Jones succeeded Steven Esom as Chair of the Remuneration Committee and was appointed as the designated Non-Executive Director for workforce engagement from 1 January 2023.

On 16 August, Keith Laslop was appointed to the Board as a Non-Executive Director and a member of the Audit Committee, with effect from 1 September 2023. Keith was previously Chief Financial Officer of Gamesys Group Plc between 2013 and October 2021.

Management changes

From 1 June 2023, Jon Martin took on a newly created role of Chief Operating Officer for the Group. Jon was previously managing director for our UK digital business, a role he has held since 2020.

Jon will continue to have accountability for the strategy and performance of the UK digital business, as well as taking overall responsibility for the development and delivery of Rank's cross-channel customer offer for the Mecca and Grosvenor brands.

Andrew Peat will join the Group from William Hill later in 2023 as Managing Director of the Group's UK digital business.

In August 2023, Mark Harper joined as Grosvenor's new Managing Director. Mark joins us from Pears Partnership Capital, part of the William Pears Group, where he was the Operating Partner, managing the leisure and hospitality investment portfolio, a role he has been in since 2021. Mark has broad experience in the leisure industry and the 24/7 economy, with ten years at Allied Domecq Leisure across many of their divisions and more recently in leadership roles at several leading holiday park Groups.

Our strategy and KPIs

Our strategy is focused on generating long term sustainable shareholder value. We have made considerable progress which ensures significant opportunity in the next phase of the plan.

Strategic pillar 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 116 venues, our membership-based models, our customer relationships and the high levels of engagement that our team members enjoy with our customers.

What we said	What we did
Further develop the app strategy for each brand ensuring customer needs are met for both online and in-venue experiences, removing the need for customers to move across multiple mono-channel apps.	We have created our app strategy focused on delivering a deeper brand experience. We have initiated a programme of work to consolidate and improve our mobile apps over the next 12-18 months.
Launch live streaming from a further four Grosvenor casinos to our online audiences and deliver improvements to the digital live roulette experience.	We have launched our live streaming product 'Live and Direct' into our Glasgow, Sheffield and Nottingham casinos. We have also launched variants of the games taking our live streaming from venue portfolio from one to ten games.
Introduce artificial intelligence to better drive personalisation for our Grosvenor casino and sports customers showing offers, bets and homepages tailored to their behaviour.	We have introduced our personalisation engine which allows us to identify customer traits and preferences and create and test insight-based campaigns across marketing channels to optimise the customer experience.
Continue to deliver compelling Mecca offers focused on driving new customer acquisition and retention.	Three key offers were launched in the year - 'Mecca Perks', a stamp card for venues visits with digital rewards; 'Mecca Bestie', where customers win additional prizes if their 'bestie' bingo partner wins and the popular 'Everyone's a winner' campaign. We continue to build out our cross-channel rewards programme for our Mecca customer base.
Launch unified Mecca membership across online and in venues that will bring real time communication, personalised content, cross sell and improved onboarding.	We have launched our Mecca single sign-up journey which automatically creates a venues membership for new and existing meccabingo.com customers, enabling channel agnostic communication, content and tailored experiences.
Introduce a new Mecca loyalty card embedded into our apps and single membership journey aligned to our single app strategy.	Mecca Perks, a brand led loyalty scheme with digital and in venue rewards, was launched in the year. Further development of our single membership and apps will unlock enhanced Mecca loyalty and reward functionality.

KPIs

Percentage of venues customers that play with us online

- Grosvenor venues 5% (0ppts)
- Mecca venues 9% (0ppts)
- Enracha venues 0% (0ppts)

Percentage of digital NGR from cross-channel customers

- Grosvenor venues 32% (-2ppts)
- Mecca venues 20% (-3ppts)
- Enracha venues 1% (+1ppts)

Focus for 2023/24:

- Introduce via our proprietary technology platform single unified membership for Mecca online and venue customers
- Delivery of single apps for each brand ensuring customer needs are met for both online and in-venue experiences
- Delivering further venues content online, allowing customers to virtually tour our venues and bringing the venues atmosphere online through dynamic content
- Further development of our personalisation capabilities, delivering the right content, at the right time to the customer
- Continue to deliver our cross channel live casino offering through shared jackpots, game variants and customer experiences
- Deliver gamification and personalisation of rewards through retention and product recommendations relevant to the customer and reward players for engaging at a brand level
- Relaunch our improved joint liquidity bingo game 'Fortune', enabling seamless play in venue or online with community jackpots

Strategic pillar 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 2022/23, our digital operations generated 30% of Group revenue. Across the UK as a whole, digital channels represented around 65% of the gambling market (excluding the National Lottery) pre-pandemic, presenting a significant growth opportunity.

What we said	What we did
Migrate grosvenorcasinos.com onto our RIDE platform.	We migrated Grosvenorcasinos.com to our RIDE proprietary platform in September 2022, completing our group wide migrations and enabling us to deliver a host of innovative customer-oriented improvements.
Enhance Grosvenor’s Daily Retention Game offering our customers greater variety and range of prizes.	We have launched a full suite of Daily Retention Games across all Rank brands, offering a variety of mechanics and prizes including bespoke variants such as Beat the Timer, Everyone's a Winner, Winfall, Scratch and Win and Loose Woman.

Launch the streaming online of live immersive events in our Mecca venues to help drive cross channel acquisition.	We enhanced our Mecca TV proposition with celebrity presenters hosting main event bingo games on Friday nights and streaming in venue events such as Bonkers and Players Bingo.
Deliver the significant development roadmap which follows the migration of Grosvenor onto the RIDE platform.	The Grosvenor migration to our RIDE proprietary platform unlocked cost synergies relating to technology services, cloud hosting, marketing and player protection tools. With the migrations completed, our in-house resource was able to switch focus on delivering customer journey improvements such as greater personalisation, improved customer journeys, launch of improved games and game variants (Live and Direct, 'Loose Women' Bingo), and delivering improvements to our safer gambling monitoring.
Launch a new Spanish sports betting site YoSport.	YoSport was successfully launched in September 2022 to provide sports betting to the Spanish market.
Launch new apps for YoCasino and YoSport in Spain.	Both android apps were launched in Q4 2022/23 and further work is underway to enable promotion in Google Play.
Roll-out a cross-channel strategy for Enracha.	A soft launch to selected customers will be launched towards the end of 2023/24.
Launch YoBingo in Portugal to replicate the successful YoBingo model.	Good progress is being made in the homologation of our YoBingo.pt site by SRIJ, Portugal's regulator, and we hope to be now launching this new service in the coming months
Upgrade the proprietary Yo technology platform.	The first phase of this development, a new bingo module, will be launched in Q2 2023/24.

KPIs

Digital NGR

- UK £172.7m (+10%)
- International £30.2m (+16%)

Digital customer numbers

- UK 1,153k (+14%)
- International 48k (+2%)

Focus for 2023/24:

- Continue to build out our core RIDE platform scalability and enhance its resilience to support our growth ambitions
- Enhance our sportsbook capabilities through onsite content and bonusing improvements so we become the sportsbook of choice for Grosvenor customers
- Scale marketing investment through key channels to drive brand awareness and customer consideration
- Further investment into our Safer Gambling tools and measures
- Enhance our monitoring and player protection capabilities whilst delivering excellent customer experience
- Launch a daily live online bingo experience at YoBingo.es

Strategic pillar 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
Launch of new rewards and incentives programme for our Grosvenor venues.	During the year we altered our marketing approach, by focusing on fewer larger national campaigns, marketing activities to more local and personalised promotions and rewards, ensuring they are more relevant for each casino's customer base.
Continue the development and refurbishment of the Grosvenor estate with 12 venues listed for refurbishment in 2022/23.	Three major refurbishments were completed in the year at our Merchant City casino in Glasgow and at the Gloucester and Bayswater casinos in London, in addition to two smaller refurbishments at our Southampton and Brighton casinos. We also upgraded the 'back of house' team member areas in five of our Grosvenor casinos, with further to be completed to be 2023/24 and upgraded air conditioning across 15 of our casinos, including delivering significant improvements in energy efficiency.
Launch of a new electronic roulette jackpot game, Going for Gold, across our Grosvenor estate.	Going for Gold was successfully rolled out across 900 terminals in the Grosvenor estate and is proving to be very popular with customers.
Focus on improving the slots performance of our Mecca venues through a better product mix and presentation in venue.	Through the introduction of new machine suppliers, we have been able to broaden the range of slot machines available to our Mecca customers. We have optimised the gaming machine area layouts in a number of venues and commenced a programme of refurbishments of these areas in a number of our Mecca venues.
Investigate opportunities to share space in our Mecca venues through complementary partnerships and collaborations with third parties.	To date, we have been unable to secure a suitable party which complements and enhances the experience for our Mecca customers. Further opportunities are under review.
Continue the Enracha venues investment programme in our Andalucía and Sabadell venues.	We are currently at the planning approval stage to refurbish our venues in Seville and Sabadell. We hope to complete both projects in 2023/24.
Consider prospective opportunities to continue growing in the Spanish market through targeted acquisitions.	We have reviewed a number of prospective acquisition targets in the year but valuations are high and the Group's priority has been to ensure we retain

	a strong balance sheet position during this period of high costs of debt financing.
Deploy player tracking and new jackpots in each Enracha venue to improve customer experience.	Player tracking is live in seven venues. New jackpot displays are live in four venues.
Full deployment of our Enracha venues loyalty card into all permitted venues.	Live across the estate with the last permitted venue in the Enracha venues estate deploying the loyalty card system in September 2023.

KPIs

Venues customer numbers

- Grosvenor venues 1,044k (-1%)
- Mecca venues 637k (0%)
- Enracha venues 270k (+34%)

Venues strategic investment

- Grosvenor venues £13.1m (+11%)
- Mecca venues £3.7m (0%)
- Enracha venues £0.6m (+50%)

Venues Net Promoter Score

- Grosvenor venues +57 (+0)
- Mecca venues +78 (+17)
- Enracha venues +36 (-9)

Focus for 2023/24:

- Continue to build on our strong Mecca slots performance by refurbishing an additional 20 slots areas in our key venues
- Continuing with our external redevelopment programme, with six Mecca venues to be upgraded in 2023/24
- 1,700 new Mecca Max units to be rolled out in 2023/24 across Mecca
- Improving the visibility of our venues online with more informative and up to date venues related information
- Refurbish the external of 12 of our Grosvenor venues in order to improve kerb appeal and help drive consideration from non-casino customers
- Complete major refurbishments at our Leicester and Portsmouth casino and begin the refurbishment of our flagship casino, The Victoria on London's Edgware Road
- Complete the detailed planning for the implementation of the land-based bingo and casino reforms contained within the UK Government's white paper
- Complete refurbishments in Enracha's Seville and Sabadell venues

Strategic pillar 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 exciting and entertaining customers at the heart of what they do. We strive for a culture of ownership and transparency that empowers our teams to achieve goals they did not think possible and to be the very best that they can be. We are also acutely aware of the role our venues, support 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
Launch refreshed three-year ED&I strategy across the Group focused on ensuring the Group is recognised as an employer of choice by attracting, developing and retaining a truly diverse pool of talent.	During the year, a simplified ED&I strategy was agreed. The Group also appointed a new Head of Learning, Engagement and Inclusion. One of their key areas of focus is the development and implementation of the Group's ED&I strategy. Further progress is expected in 2023/24.
Expand the reach of the Group's ED&I colleague network groups and launch the Group's first neurodiverse colleague network group.	Numerous network group events were held during the year, maintaining the Group's focus on ED&I. Further development of new network Group's is planned for 2023/24.
Launch and embed the newly developed Group-wide EVP Work. Win. Grow.	During the year, key projects such as a full review of the Group's people policies, an overhaul and relaunch of the Group's careers website and the implementation of a new payroll system were delivered under the Work.Win.Grow. programme.
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.	The Group has set an intermediate target of net zero for its global Scope 1, 2 and selected Scope 3 emissions by 2035 supported by a robust action plan. Rank aims to be net zero globally across all scopes by 2050.

KPIs

- Employee Net Promoter Score +14 (+12)
- % of females in senior positions 35% (+8ppts)
- Emission intensity ratio 36.6 tCO_2e per £m NGR (-12%)

- Total charitable funds raised £0.3m (0%)

Focus for 2023/24:

- Improve the delivery and content of colleague development courses and training across the Group
- Implementation of an improved colleague communication and engagement strategy
- Ensure Group policies are modern and global to better reflect the current and future business needs
- Delivery of the further energy efficiency programmes in line with the Group’s net zero plan
- Roll out of a Group wide engagement programme centred on the Group’s environmental ambitions

Strategic pillar 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**
Continue to refine and improve the holistic player protection model in our Grosvenor venues.	Significant investment was made in the year in improving our player protection model, with over 10,000 training modules delivered to Grosvenor colleagues
Improve the tools available to Grosvenor venues colleagues to make decision-making more efficient and effective.	A new risk app was launched that allows our colleagues easier access to information for faster decision-making and customer interaction.
Review and improve our digital customer onboarding journeys to remove unnecessary friction caused by 'know your customer' and player protection processes.	Significant further improvements have been delivered to improve customer 'safer gambling' journeys and improve customer response rates to requests for affordability information.
Completion of role appropriate enhanced safer gambling training supported by GamCare to over 1,100 colleagues. The training is aimed at developing the necessary skills required to have more meaningful safer gambling interactions with our customers.	We have made further progress in the year, with 743 additional team members completing the enhanced safer gambling training.
Continue to develop our markers of harm model as part of a continuous improvement and evaluation of player protection risk models.	During the year, we developed automated marketing and bonusing suppression technology delivered through our proprietary Hawkeye monitoring platform. This new functionality allows us to suspend bonus offers and promotional marketing where a customer is showing indication of potential harmful behaviour.
Work towards achieving GamCare safer gambling accreditation across our UK operations.	During the year Rank was awarded Gamcare Level 2 accreditation for Mecca venues and the UK digital business. The review of Grosvenor venues is ongoing.

KPIs

- Safer gambling eNPS score 53% (+2ppts)
- Customer feedback score on safer gambling
  - Grosvenor venues 82%

  - Mecca venues 83%
  - UK digital 73%

Scores were not recorded prior to 2022/23. Enracha venues and our Spanish digital business will start to seek customer feedback in 2023/24.

- % UK digital customers using safer gambling tools 43% (+7ppts)

Focus for 2023/24:

- Deliver changes outlined in the Gambling Act review for the UK digital business, specifically around financial risk assessments, slots staking, game design and marketing preferences
- Enrol in the GamProtect scheme, introducing controls across UK gambling operators to protect customers who have identified as being harmed by excessive gambling
- Continue to progress Gamcare accreditation for our Grosvenor venues

CFO's review

Within this section all prior year comparatives are to the year ended 30 June 2022.

Reported net gaming revenue ('NGR')

For the 12 months ended 30 June 2023 NGR increased by 6% to £681.9m following an improved NGR performance across a majority of the Group's business units.

Operating profit

The Group delivered an operating loss of £109.8m for the year, compared to an operating profit of £80.8m, principally due to higher impairment charges of £118.9m, higher operating costs and a VAT refund in the prior year.

Energy costs are a significant cost for the Group and to provide the Group with some certainty it has adopted an agreed hedging policy. This allows the Group to fix a portion of its future energy costs up to two years in advance, near term energy costs can be fixed up to 100%. Regarding 2023/24, 70% of the Group energy costs have been fixed and at current market prices we expect 2023/24 energy costs to be approximately £20m.

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 2023 were £101.5m.

The key SDIs in the year were as follows:

- A rebasing of expected future performance at the end of H1 2022/23 has resulted in an impairment charge of £118.9m relating to 23 Grosvenor venues, 70 Mecca venues and two Enracha venues, as well as an impairment of £182.6m in the parent company accounts;
- A £6.6m reversal of previously impaired assets following a better than anticipated performance and improved outlook regarding seven Grosvenor venues;
- Closure costs of £7.7m relating to the closure of a number of Grosvenor, Mecca and Enracha venues; and
- Amortisation of acquired intangible assets of £8.6m relating to the acquisition of Stride Gaming, YoBingo and the remaining shares in Rialto (previously Aspers Online).

Further details regarding the SDIs can be found in note 4 of the financial statements.

Prior period restatement

During the year, the Group identified an accumulated total of £2.2m of prior year payment processing costs within the Digital business which erroneously had not been recognised in the prior year financial statements. Of the total value, £1.3m relates to 2021/22, with £0.6m relating to H1 2021/22 and £0.7m to H2 2021/22. The remaining £0.9m relates to pre 2021/22.

Net financing charge

The £12.3m underlying net financing charge for the year ended 30 June 2023 was slightly lower than the prior year's charge of £13.4m principally due to lower bank fee amortisation costs in the current year. The underlying net financing charge includes £6.5m of lease interest calculated under IFRS 16.

Cash flow and net debt

As at 30 June 2023, net debt was £172.9m. Debt comprised £44.4m in term loans, £18.0m of drawn revolving credit facilities and £169.0m in finance leases, offset by cash at bank of £58.5m. In the period, the Group repaid £34.5m of the term loan in line with the loan's agreed amortisation schedule.

In August 2023, the Group made an early repayment of the remaining balance of the term loan, funded by the new £100m RCF.

The Group finished the year with net debt for covenant purposes of £19.1m.

	2022/23 £m	**2021/22[1] £m**
Operating profit from continuing operations	19.1	38.5
Depreciation and amortisation	60.1	67.4
Working capital	3.0	(6.2)
Other	2.5	(0.3)
Cash inflow from operations	**84.7**	**99.4**
Capital expenditure	(44.1)	(40.6)
Net interest and tax	(7.8)	(16.2)
Lease payments	(43.6)	(53.7)
Cashflows in relation to SDIs	(9.5)	70.6
Net free cash flow	**(20.3)**	**59.5**
Business acquisition and other	(0.5)	(0.7)
Business disposal	-	8.8
Total cash (out)/in flow	**(20.8)**	**67.6**
Opening net cash/(debt) pre IFRS 16	16.9	(50.7)
Closing net (debt)/cash pre IFRS 16	(3.9)	16.9
IFRS 16 lease liabilities	(169.0)	(181.7)
Closing net (debt) post IFRS 16	**(172.9)**	**(164.8)**

1. Restated

Taxation

The Group's underlying effective corporation tax rate in 2022/23 was 8.8% (2021/22: 23.5%) based on a tax charge of £0.6m (excluding impact of rate changes on deferred tax) on underlying profit before taxation. This is different to the Group's anticipated effective tax rate of 16-18% for the year. This is mainly as a result of lower than forecasted profits in UK operations.

The underlying effective corporation tax rate for 2023/24 is expected to be 20-22%, being below the UK statutory tax rate. The tax rate is driven by some overseas profits being taxed at lower rates than the UK.

On a statutory basis, the Group had an effective tax rate of 22.1% (2021/22: 22.7%) based on a tax credit of £27.1m and total loss of £122.7m. This is higher than the effected tax rate on underlying profit because of the significant level of separately disclosed items which attract a tax credit.

Further details of the tax charge are provided in note 6 of the financial statements.

Earnings per share ('EPS')

Basic EPS declined to a loss of 20.4p from a profit of 13.9p in the prior year. Underlying EPS declined to 1.2p from 4.0p in the prior year. For further details refer to note 9 of the financial statements.

Cash tax rate

In the year ended 30 June 2023, the Group had an effective cash tax rate of (2.6)% on total profit before taxation (2021/22: (13.3)%). The cash tax rate is lower than the effective tax rate due to losses generated by the UK operations during the period resulting in no cash tax payable in the UK.

The Group is expected to have a cash tax rate of approximately (14)-(16)% in the year ended 30 June 2024. This is lower than the effective tax rate due to the utilisation of brought forward tax losses and refunds of UK corporation tax expected from prior year overpayments and loss carry back claims.

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	Profit measure	Operating profit / (loss)	• Separately disclosed items • Excludes contribution from any venue openings, closures, disposals, acquired

APM	Purpose	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements
/(loss) post-central cost reallocation			businesses and discontinued operations • Foreign exchange movements • Central cost reallocation
Underlying LFL operating profit /(loss) pre-central cost reallocation	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
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 4.

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

In the current period (2022/23), the Group closed one Grosvenor venue and 15 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	**2022/23**	2021/22
Underlying LFL net gaming revenue (NGR)	**679.7**	633.2
Open, closed and disposed venues	**2.2**	12.0
Foreign exchange ('FX')	**-**	(1.2)
Underlying NGR - continuing operations	**681.9**	644.0

Calculation of comparative underlying LFL NGR

	2021/22
Reported underlying LFL NGR	**644.0**
2022/23 closed venues	(12.0)
2022/23 FX	1.2
Restated underlying LFL NGR	**633.2**

£m	**2022/23**	2021/22
LFL underlying operating profit	**20.3**	42.5
Opened, closed and disposed venues	**(1.2)**	(3.8)
FX	**-**	(0.2)
Underlying operating profit – continuing operations	**19.1**	38.5
Separately disclosed items	**(128.9)**	42.3
Operating (loss) / profit – continuing operations	**(109.8)**	80.8

Calculation of comparative underlying LFL operating profit

£m	**2021/22**
Reported underlying LFL operating profit	**40.4**
2021/22 restatement relating to digital cash	(1.3)
2021/22 opened and closed venues	(0.6)
2022/23 closed venues	3.8
2022/23 FX	0.2
Underlying LFL operating profit	**42.5**

£m	**2022/23**	2021/22
Underlying current tax (charge)	**(0.6)**	(9.6)
Tax on separately disclosed items	**27.7**	(10.5)
Deferred tax	**-**	3.2
Tax credit / (charge)	**27.1**	(16.9)

Pence	**2022/23**	2021/22
Underlying EPS	**1.2**	4.0
Separately disclosed items	**(21.6)**	9.9
Reported EPS	**(20.4)**	13.9

Comparison of 2022/23 LFL performance to CY2019

Whilst year-on-year comparisons are now free from the material impacts of the pandemic experienced in calendar years 2020 and 2021, the Group continues to review performance against the 12 months to 31 December 2019 (CY 2019), the last comparable period which was unaffected by COVID-19 and the more recent inflationary pressures.

NGR / £m	**2022/23**	**CY 2019**[1]	**Change**
Grosvenor venues	306.3	359.7	(15)%
London	99.3	134.3	(26)%
Rest of UK	207.0	225.4	(8)%
Mecca venues	134.1	164.5	(18)%
Enracha venues	36.4	32.4	12%
Digital	202.9	144.3	41%
Underlying LFL Group	**679.7**	**700.9**	**(3)%**
Impact of venues openings, closures and FX	2.2	33.1	-
Underlying Group	**681.9**	**734.0**	**(7)%**
Operating profit / £m	**2022/23**	**CY 2019**	**Change**
Grosvenor venues	27.7	74.3	(63)%
Mecca venues	4.0	30.9	(87)%
Enracha venues	9.2	7.7	19%
Digital	18.8	23.0	(18)%
Central costs	(39.4)	(34.6)	14%
Underlying LFL Group	**20.3**	**101.3**	**(80)%**
Impact of venues openings, closures and FX	(1.2)	3.5	-
Underlying Group	**19.1**	**104.8**	(82)%

1. Stride was acquired in October 2019 and has been included on a pro forma basis.

Reallocation of central costs

During the year, the Group undertook a review of the Group's central costs and has concluded that a proportion of them, which are directly attributable to the relevant business units, should be allocated to those business units, better reflecting the underlying profitability of each segment. This resulted in changes in the underlying profit (loss) of each segment in the prior year which has been re-presented in the table below.

	Year ended 30 June 2023					
	Digital £m	**Grosvenor venues £m**	**Mecca venues £m**	**Enracha venues £m**	**Central Costs £m**	**Total £m**
Segment revenue	**202.9**	**306.3**	**136.3**	**36.4**	**-**	**681.9**
Other operating income	**-**	**-**	**-**	**-**	**-**	**-**
Operating profit (loss)	18.8	27.7	2.8	9.2	(39.4)	**19.1**
Separately disclosed items	(9.1)	(51.7)	(67.1)	(4.2)	3.2	(128.9)
Segment result	9.7	(24.0)	(64.3)	5.0	(36.2)	(109.8)
Central costs allocation	(5.0)	(11.4)	(9.8)	(0.1)	26.3	-
Segment result (post central cost allocation)	**4.7**	**(35.4)**	**(74.1)**	**4.9**	**(9.9)**	**(109.8)**
Finance costs						**(12.6)**
Finance income						**0.8**
Other financial losses						**(1.1)**
(Loss) before taxation						**(122.7)**
Taxation						**27.1**
(Loss) for the period from continuing operations						**(95.6)**

	Year ended 30 June 2022 (re-presented)					
	Digital £m	Grosvenor venues £m	Mecca venues £m	Enracha venues £m	Central Costs £m	Total £m
Segment revenue	183.3	296.6	134.0	30.1	-	644.0
Other operating income	-	2.6	1.0	-	-	3.6
Operating profit (loss)	17.4	45.1	(0.8)	7.5	(30.7)	38.5
Separately disclosed items	(14.5)	15.5	34.4	7.6	(0.7)	42.3
Segment result	2.9	60.6	33.6	15.1	(31.4)	80.8
Central cost allocation	(4.1)	(8.9)	(6.9)	(0.1)	20.0	-

Segment result (post central cost allocation)	(1.2)	51.7	26.7	15.0	(11.4)	80.8
Finance costs						(13.1)
Finance income						0.1
Other financial gains						5.2
Profit before taxation						73.0
Taxation						(16.9)
Profit for the period from continuing operations						56.1

Analysis of total costs by type and segment and how the central costs have been re-allocated:

	Year ended 30 June 2023					
	Digital £m	**Grosvenor venues £m**	**Mecca venues £m**	**Enracha venues £m**	**Central Costs £m**	**Total £m**
Employment and related costs	**28.1**	**122.2**	**46.1**	**17.7**	**7.7**	**221.6**
Taxes and duties	**47.7**	**64.2**	**27.1**	**2.0**	**1.2**	**142.2**
Direct costs	**57.1**	**28.2**	**20.6**	**3.0**	**-**	**108.9**
Property costs	**0.8**	**11.6**	**6.5**	**0.6**	**0.5**	**20.0**
Marketing	**33.3**	**6.2**	**5.7**	**2.4**	**0.2**	**47.8**
Depreciation and amortisation	**14.3**	**28.8**	**10.9**	**1.5**	**2.5**	**58.0**
Other	**7.8**	**29.0**	**26.4**	**0.1**	**1.0**	**64.3**
Total costs before SDI (post-central cost allocation)	**189.1**	**290.0**	**143.3**	**27.3**	**13.1**	**662.8**
Cost of sales						**409.0**
Operating costs						**253.8**
Total costs before SDI (post-central cost allocation)						**662.8**

	Year ended 30 June 2023					
	Digital £m	**Grosvenor Venues £m**	**Mecca Venues £m**	**Enracha Venues £m**	**Central Costs £m**	**Total £m**
Employment and related costs	**3.4**	**5.9**	**4.8**	**0.1**	**(14.2)**	**-**
Taxes and duties	**0.4**	**0.9**	**0.9**	**-**	**(2.2)**	**-**
Direct costs	**-**	**-**	**-**	**-**	**-**	**-**
Property costs	**-**	**-**	**-**	**-**	**-**	**-**
Marketing	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation and amortisation	**0.1**	**1.0**	**0.9**	**-**	**(2.0)**	**-**
Other	**1.1**	**3.6**	**3.2**	**-**	**(7.9)**	**-**

Central cost allocation	**5.0**	**11.4**	**9.8**	**0.1**	**(26.3)**	**-**
Cost of sales						-
Operating costs						-
Central cost allocation						**-**

	Year ended 30 June 2023					
	Digital £m	**Grosvenor Venues £m**	**Mecca Venues £m**	**Enracha Venues £m**	**Central Costs £m**	**Total £m**
Employment and related costs	**24.7**	**116.1**	**41.3**	**17.6**	**21.9**	**221.6**
Taxes and duties	**47.3**	**63.3**	**26.2**	**2.0**	**3.4**	**142.2**
Direct costs	**57.1**	**28.2**	**20.6**	**3.0**	**-**	**108.9**
Property costs	**0.8**	**11.6**	**6.5**	**0.6**	**0.5**	**20.0**
Marketing	**33.3**	**6.2**	**5.7**	**2.4**	**0.2**	**47.8**
Depreciation and amortisation	**14.2**	**27.8**	**10.0**	**1.5**	**4.5**	**58.0**
Other	**6.7**	**25.4**	**23.2**	**0.1**	**8.9**	**64.3**
Total costs before SDI (pre-central cost allocation)	**184.1**	**278.6**	**133.5**	**27.2**	**39.4**	**662.8**
Cost of sales						**409.0**
Operating costs						**253.8**
Total costs before SDI (pre-central cost allocation)						**662.8**

	Year ended 30 June 2022 (re-presented)					
	Digital £m	Grosvenor Venues £m	Mecca Venues £m	Enracha Venues £m	Central Costs £m	Total £m
Employment and related costs	27.8	109.0	47.3	14.7	6.9	205.7
Taxes and duties	40.7	61.0	25.6	1.6	0.2	129.1
Direct costs	49.4	23.6	19.9	2.4	-	95.3
Property costs	0.5	9.5	4.5	0.6	0.9	16.0
Marketing	33.2	5.9	5.8	1.7	0.1	46.7
Depreciation and amortisation	13.4	33.3	16.0	1.3	3.4	67.4
Other	5.0	20.7	23.6	0.4	(0.8)	48.9
Total costs before SDI (post-central cost allocation)	170.0	263.0	142.7	22.7	10.7	609.1
Cost of sales						386.5
Operating costs						222.6
Total costs before SDI (post-central cost allocation)						609.1

	Year ended 30 June 2022 (re-presented)					
	Digital £m	Grosvenor Venues £m	Mecca Venues £m	Enracha Venues £m	Central Costs £m	Total £m
Employment and related costs	3.5	5.1	4.3	0.1	(13.0)	-
Taxes and duties	0.2	0.5	0.5	-	(1.2)	-
Direct costs	-	-	-	-	-	-
Property costs	-	0.8	-	-	(0.8)	-
Marketing	-	-	-	-	-	-
Depreciation and amortisation	0.2	0.9	0.9	-	(2.0)	-
Other	0.2	1.6	1.2	-	(3.0)	-
Central cost allocation	4.1	8.9	6.9	0.1	(20.0)	-
Cost of sales						-
Operating costs						-
Central cost allocation						-

	Six months ended 31 December 2022 (unaudited and re-presented)					
	Digital £m	Grosvenor Venues £m	Mecca Venues £m	Enracha Venues £m	Central Costs £m	Total £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	49.4	23.6	19.9	2.4	-	95.3
Property costs	0.5	8.7	4.5	0.6	1.7	16.0
Marketing	33.2	5.9	5.8	1.7	0.1	46.7
Depreciation and amortisation	13.2	32.4	15.1	1.3	5.4	67.4
Other	4.8	19.1	22.4	0.4	2.2	48.9
Total costs before SDI (pre-central cost allocation)	165.9	254.1	135.8	22.6	30.7	609.1
Cost of sales						386.5
Operating costs						222.6
Total costs before SDI (pre-central cost allocation)						609.1

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 outlined in this section 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 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 current economic pressures, high rates of inflation and pressures on disposable incomes are a cause for concern for many consumers. The executive directors continue to be vigilant of the changing economic backdrop and the impact on the Group.

Additionally, changes in the regulation of the gaming market are monitored closely and the Group continues to evolve climate-related risks and opportunities. However, climate risks are currently not regarded as a principal risk and the risk itself is currently considered low.

Principal risk 1: Uncertain trading environment

Yearly change: No Change

Consumers' discretionary expenditure continues to be impacted by inflationary pressures, volatile energy markets and higher interest rates. Such pressures influence customer behaviour and can reduce spend on entertainment and leisure activities such as those offered by the Group, as well as their propensity to visit our venues. This could impact our financial performance and ability to deliver our strategic plans.

Moreover, various cost pressures are impacting the operating margins of our venues businesses and this will be further impacted if wage and other inflation remains high. Related risks caused by current macroeconomic and geopolitical uncertainty are energy availability and the increased cost of products and services, all of which could impact our future performance.

Residual risk rating and change in risk impact: Considered high residual risk and stable.

With the current trading environment, inflationary pressures, energy prices remaining above historic norms, increases in interest rates and labour shortages 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:

- strategic plans have been prepared with current consumer pressures in mind. We have adapted our approach to ensure future plans are sufficiently robust to deal with the uncertain trading conditions
- 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.
- ongoing review of 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

Yearly change: No change

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: Safe and sustainable gambling

Yearly change: No change

Safe 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. This minimises the potential for our customers to suffer harm from their gambling and 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: Considered medium residual risk and stable.

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 improvements 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 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) 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

Yearly change: No change

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 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 stable.

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.
- regularly engage with trade union bodies and maintain an open dialogue on matters impacting our colleagues.

Principal risk 5: Strategic Programmes

Yearly change: No change

Key projects and programme could fail to deliver, resulting in missed market opportunities for the Group, 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 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 6: Health and safety

Yearly change: No change

Failure to meet the requirements of the various domestic and international rules and regulations relating to the 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.
- it has a capable facilities management services provider that can support and advice on all health and safety compliance matters.
- 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 7: Data protection and management

Yearly change: No change

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 8: Cyber resilience

Yearly change: No change

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 increasing.

Due to the programme of work in place and ongoing monitoring and response to new and emerging attack vectors, this is considered an increasing 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 cybersecurity and resilience within the IT estate.

Principal risk 9: Business continuity and Disaster Recovery

Yearly change: No change

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, events that result in a loss or lack of availability of data or IT systems, 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 10: Dependency on third parties and supply chain

Yearly change: No change

The Group is dependent on a number of these 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 macroeconomic 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.

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 11: Taxation

Yearly change: No change

Changes in fiscal regimes in domestic and international markets can happen at short notice. These changes could benefit or have an adverse impact 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 12: Liquidity and funding

Yearly change: No change

Availability of, and access to, appropriate sources and levels of funding is critical to the continued operation of the business and implementation of the Group's strategy.

The Group is reliant on maintaining affordable committed debt facilities with banking partners, all of which have specific obligations and covenants that need to be met. A loss of debt facilities and/or clearing facilities could result in the Group being unable to meet its obligations as they become due.

Our ability to repay debt and fund working capital, capital expenditure and other expenditure is dependent on our operating performance, ability to generate cash and to refinance existing debt when necessary.

Residual risk rating and change in risk impact
Considered high residual risk and increasing.

The available pool of capital willing to lend into the gambling sector has reduced over time. In addition, business performance post pandemic has weakened the credit profile of the Group.
Changes in interest rates have impacted the overall cost of debt.

Risk mitigation strategy
The Group ensures that it:

- reviews and refines its strategic financial plan regularly, including sensitivity analysis to assess the impact of the changing economic environment. Cash flows are stress tested to ensure we retain sufficient liquidity and can operate within covenant limits.
- continues to review the capital structure to ensure appropriate financing is in place to support investment in the business.
- has sufficient cash and available facilities in place to navigate through any short term deterioration in performance.
- has strong discipline over capital allocation decisions and scrutiny of discretionary expenditure.
- focuses on working capital management to improve cash flow and reduce reliance on bank facilities.
- Maintains ongoing frequent and open dialogue with banking partners.
- Has an appropriately resourced Treasury team that are involved in advance of any major business decisions that could impact banking partner's willingness to provide debt or clearing facilities.
- ensure no trading entity is solely reliant on one bank for clearing services.

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:

Chew Seong Aun

Lucinda Charles-Jones

Richard Harris

Katie McAlister

John O'Reilly

Alex Thursby

Karen Whitworth

Signed on behalf of the board on 16 August 2023

John O'Reilly
Chief Executive

Richard Harris
Chief Financial Officer

Group Income Statement
For the year ended 30 June 2023

	Year ended 30 June 2023			Year ended 30 June 2022 (restated)		
	Underlying £m	**Separately disclosed items (note 3) £m**	**Total £m**	Underlying £m	Separately disclosed items (note 3) £m	Total £m
Continuing operations						
Revenue	**681.9**	**-**	**681.9**	644.0	-	644.0
Cost of sales	**(409.0)**	**(112.3)**	**(521.3)**	(386.5)	(25.8)	(412.3)
Gross profit (loss)	**272.9**	**(112.3)**	**160.6**	257.5	(25.8)	231.7
Other operating income	**-**	**3.7**	**3.7**	3.6	88.3	91.9
Other operating costs	**(253.8)**	**(20.3)**	**(274.1)**	(222.6)	(20.2)	(242.8)
Group operating (loss) profit	**19.1**	**(128.9)**	**(109.8)**	38.5	42.3	80.8
Financing:						
– finance costs	**(12.6)**	**-**	**(12.6)**	(13.1)	-	(13.1)
– finance income	**0.8**	**-**	**0.8**	0.1	-	0.1
– other financial (losses) gains	**(0.5)**	**(0.6)**	**(1.1)**	(0.4)	5.6	5.2
Total net financing (charge) income	**(12.3)**	**(0.6)**	**(12.9)**	(13.4)	5.6	(7.8)
(Loss) profit before taxation	**6.8**	**(129.5)**	**(122.7)**	25.1	47.9	73.0
Taxation	**(0.6)**	**27.7**	**27.1**	(6.4)	(10.5)	(16.9)
(Loss) profit for the year from continuing operations	**6.2**	**(101.8)**	**(95.6)**	18.7	37.4	56.1
Discontinued operations - profit	**-**	**0.3**	**0.3**	-	8.8	8.8
(Loss) profit for the year	**6.2**	**(101.5)**	**(95.3)**	18.7	46.2	64.9
Attributable to:						
Equity holders of the parent	**5.8**	**(101.5)**	**(95.7)**	18.7	46.2	64.9
Non-controlling interest	**0.4**	**-**	**0.4**	-	-	-
	6.2	**(101.5)**	**(95.3)**	18.7	46.2	64.9
(Loss) earnings per share attributable to equity shareholders						
– basic	**1.2p**	**(21.6)p**	**(20.4)p**	4.0p	9.9p	13.9p
– diluted	**1.2p**	**(21.6)p**	**(20.4)p**	4.0p	9.9p	13.9p
(Loss) earnings per share – continuing operations						
– basic	**1.2p**	**(21.7)p**	**(20.5)p**	4.0p	8.0p	12.0p
– diluted	**1.2p**	**(21.7)p**	**(20.5)p**	4.0p	8.0p	12.0p
Earnings per share – discontinued operations						
– basic	**-**	**0.1p**	**0.1p**	-	1.9p	1.9p
– diluted	**-**	**0.1p**	**0.1p**	-	1.9p	1.9p

Group Statement of Comprehensive (Loss) Income
For the year ended 30 June 2023

	Year ended 30 June 2023 £m	Year ended 30 June 2022 (restated) £m
Comprehensive (loss) income:		
(Loss) profit for the year	**(95.3)**	64.9
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange adjustments net of tax	**(0.6)**	-
Items that may not be reclassified subsequently to profit or loss:		
Actuarial gain on retirement benefits net of tax	**-**	0.1
Total comprehensive (loss)/income for the year	**(95.9)**	65.0
Attributable to:		
Equity holders of the parent	**(96.3)**	65.0
Non-controlling interest	**0.4**	-
	(95.9)	65.0

Group Balance Sheet
At 30 June 2023

	As at 30 June 2023 £m	As at 30 June 2022 (restated) £m
Assets		
Non-current assets		
Intangible assets	**456.8**	493.6
Property, plant and equipment	**97.5**	113.1
Right-of-use assets	**64.1**	101.6
Deferred tax assets	**7.6**	1.4
Other receivables	**6.2**	6.7
	632.2	716.4
Current assets		
Inventories	**2.2**	2.3
Other receivables	**29.1**	34.2
Government grants	**-**	-
Income tax receivable	**14.9**	8.1
Cash and short-term deposits	**60.0**	95.7
	106.2	140.3
Total assets	**738.4**	856.7
Liabilities		
Current liabilities		
Trade and other payables	**(126.1)**	(131.1)
Lease liabilities	**(42.2)**	(40.4)
Income tax payable	**(5.7)**	(4.2)
Financial liabilities – loans and borrowings	**(63.7)**	(33.9)
Provisions	**(7.3)**	(6.9)
	(245.0)	(216.5)
Net current liabilities	**(138.8)**	(76.2)
Non-current liabilities		
Lease liabilities	**(126.8)**	(141.3)
Financial liabilities – loans and borrowings	**-**	(44.1)
Deferred tax liabilities	**(1.5)**	(20.5)
Provisions	**(31.7)**	(5.6)
Retirement benefit obligations	**(3.4)**	(3.6)
	(163.4)	(215.1)
Total liabilities	**(408.4)**	(431.6)
Net assets	**330.0**	425.1
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	**14.0**	14.6
Retained earnings	**61.6**	156.5
Total equity before non-controlling interest	**329.7**	425.2
Non-controlling interest	**0.3**	(0.1)
Total shareholders' equity	**330.0**	425.1

Group Statement of Changes in Equity
For the year ended 30 June 2023

	Share capital £m	Share premium £m	Capital redemption reserve £m	Exchange translation reserve £m	Retained earnings £m	Reserves attributable to the Group's equity shareholders £m	Non-controlling interest £m	Total equity £m
At 1 July 2021 (as previously reported)	65.0	155.7	33.4	14.6	92.6	361.3	(0.1)	361.2
Impact of prior period error (note 2)	-	-	-	-	(0.9)	(0.9)	-	(0.9)
At 1 July 2021 (restated)	65.0	155.7	33.4	14.6	91.7	360.4	(0.1)	360.3
Comprehensive income:								
Profit for the year	-	-	-	-	64.9	64.9	-	64.9
Other comprehensive income:								
Exchange adjustments net of tax	-	-	-	-	-	-	-	-
Actuarial gain on retirement benefits net of tax	-	-	-	-	0.1	0.1	-	0.1
Total comprehensive income for the year	-	-	-	-	65.0	65.0	-	65.0
Transactions with owners:								
Debit in respect of employee share schemes including tax	-	-	-	-	(0.2)	(0.2)	-	(0.2)
At 30 June 2022 (restated)	65.0	155.7	33.4	14.6	156.5	425.2	(0.1)	425.1
Comprehensive income:								
Loss for the year	**-**	**-**	**-**	**-**	**(95.7)**	**(95.7)**	**0.4**	**(95.3)**
Other comprehensive (loss) income:								
Exchange adjustments net of tax	**-**	**-**	**-**	**(0.6)**	**-**	**(0.6)**	**-**	**(0.6)**
Actuarial gain on retirement benefits net of tax	-	-	-	-	-	-	-	-
Total comprehensive (loss) income for the year	**-**	**-**	**-**	**(0.6)**	**(95.7)**	**(96.3)**	**0.4**	**(95.9)**
Transactions with owners:								
Credit in respect of employee share schemes including tax	**-**	**-**	**-**	**-**	**0.8**	**0.8**	**-**	**0.8**
At 30 June 2023	**65.0**	**155.7**	**33.4**	**14.0**	**61.6**	**329.7**	**0.3**	**330.0**

Group Statement of Cash Flow

For the year ended 30 June 2023

	Year ended 30 June 2023	Year ended 30 June 2022 (restated)
	£m	£m
Cash flows from operating activities		
Cash generated from operations (see note 13)	**75.3**	170.0
Interest received	**0.3**	5.8
Interest paid	**(4.9)**	(12.1)
Tax paid	**(3.2)**	(9.9)
Net cash generated from operating activities	**67.5**	153.8
Cash flows from investing activities		
Purchase of intangible assets	**(13.1)**	(14.5)
Purchase of property, plant and equipment	**(31.0)**	(26.1)
Proceeds from sale of business	**-**	8.8
Payment of contingent consideration of business combination	**(0.4)**	(0.6)
Net cash used in investing activities	**(44.5)**	(32.4)
Cash flows from financing activities		
Repayment of term loans	**(34.5)**	(29.6)
Drawdown of revolving credit facilities	**22.0**	-
Repayment of revolving credit facilities	**(4.0)**	(11.0)
Lease principal payments	**(43.6)**	(53.7)
Net cash used in financing activities	**(60.1)**	(94.3)
Net (decrease) increase in cash and short term deposits	**(37.1)**	27.1
Effect of exchange rate changes	**(0.1)**	(0.1)
Cash and short-term deposits at start of year	**95.7**	68.7
Cash and short-term deposits at end of year[1]	**58.5**	95.7

[1] is net of bank overdraft of £1.5m contained in current financial liabilities – loans and borrowings

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 2023 were authorised for issue in accordance with a resolution of the Directors on 16 August 2023.

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 2023/2024 ('the base case'), the long-range forecast approved by the Board, and recent trading performance. The Directors have reviewed the Group's projected compliance with its banking covenants and access to funding options for the 12 months ending 31 August 2024 for the going concern period, and for the six months beyond the end of the going concern period for cliff edge events affecting the going concern period such as the availability of revolving credit facilities or repayments of any term loans.

The Directors recognise that there is continued uncertainty at this time caused by the slower than anticipated return of customers to UK land-based leisure entertainment venues, the impact of macroeconomic factors on consumer sentiment and disposable incomes, continued inflationary pressures and higher interest rates and their overall impact on consumer demand and discretionary spending. The Directors note that this has had an impact on the accuracy of budgeting and forecasting for the current financial year, and this has been considered by management when preparing their sensitivity review for the going concern period.

The Directors have reviewed and challenged management's assumptions on the Group's base case for the going concern period. Key considerations are the assumptions on the levels of customer visits and their average spend in the venues-based businesses, and the number of first time and returning depositors in the digital businesses, and the average level of spend per visit for each.

The base case view contains certain discretionary costs within management control that could be reduced in the event of a revenue downturn. These include reductions to overheads, reductions 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:

- Revolving credit facilities totalling £100m are available to the Group through to November 2024;
- In November 2024, the facilities available to the Group reduces to £75m, maturing in February 2025. Based on ongoing conversations with lenders and the improving trading performance of the Group, management has a reasonable expectation that there will be a successful refinancing of the facilities beyond February 2025.

At the date of approval of the financial statements, £50m of the £100m RCF had been drawn down in order to repay the term loan.

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 throughout the going concern period and as at December 2023 and June 2024 and have the cash available to meet its liabilities as they fall due.

Sensitivity Analysis

The base case view reflects the Directors' best estimate of the outcome for the going concern period. 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 three downside scenarios modelled are:

(i) revenues in the Grosvenor business fall by 23% and the Group experiences additional inflationary costs compared to the base case view, with management taking only mitigating actions that have no effect on the Group's trading performance;

(ii) revenues in Grosvenor fall by 20% and Rank Interactive by 7% versus the base case view, with management taking a number of mitigating actions including reduction in capital expenditure, reduction in marketing and other overheads and the removal of the Group planning contingency;

(iii) a reverse stress test, revenues in Grosvenor fall by 36% in the initial year, with management taking actions as for scenario (ii) but with further mitigating actions on employment costs and extending creditor days.

Having modelled the downside scenarios, the indication is that the Group would continue to meet its covenant requirements in all scenarios and have available cash to meet liabilities in all three scenarios.

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 2024.

For these reasons, the Directors continue to adopt the going concern basis for the preparation of these consolidated and Company financial statements, and in preparing the consolidated and Company 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 2024. 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 three downside scenarios which reflects a reduced trading performance, inflationary impacts on the cost base and various management-controlled cost mitigations.

In each of the three downside scenarios, the Group will generate sufficient cash to meet its liabilities as they fall due and meet its covenant requirements for the period to 31 August 2024 with scenarios ii) and iii) requiring the implementation and execution of mitigating cost actions within the control of management.

Accounting policies

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

In preparing the consolidated financial statements for the current period, the Group has adopted the following new IFRSs amendments to IFRSs and IFRS Interpretations Committee (IFRIC) interpretations. All standards do not have a significant impact on the results or net assets of the Group. Changes are detailed below:

- Property, plant equipment: proceeds before intended use (amendment to IAS 16)
- Onerous contracts: cost of fulfilling a contract (amendment to IAS 37)
- Interest rate benchmark reform – Phase 2 (amendment to IAS 39)
- Annual improvements to IFRS Standards 2018 - 2020 (amendment to IFRS 1, IFRS 9, IFRS 16 and IAS 41)

- Reference to the conceptual framework (amendment to IFRS 3)

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

At the date of authorisation of the consolidated financial statements, the following Standards, amendments and Interpretations, which have not been applied in these consolidated financial statements, were in issue but not yet effective:

- Disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2)
- Onerous contracts: cost of fulfilling a contract (amendments to IAS 8)
- Deferred tax related to assets and liabilities arising from a single transaction (amendment to IAS 12)
- Liability in a sale and leaseback (amendment to IFRS 16)
- Classification of liabilities as current and non-current (amendment to IAS 1)
- Insurance contracts (amendment to IFRS 17)
- Non-current liabilities with Covenants (amendment to IAS 1)

The Group does not currently believe that the adoption of these new standards or amendments would have a material effect on the results or financial position of the Group.

Separately disclosed items (SDI)

The Group separately discloses certain costs and income that impair the visibility of the underlying performance and trends between periods. The SDIs are material and infrequent in nature and/or do not relate to underlying business performance. Judgement is required in determining whether an item should be classified as an SDI or included within the underlying results.

SDIs include but are not limited to:

- Amortisation of acquired intangible assets;
- Profit or loss on disposal of businesses;
- Costs or income associated to the closure of venues;
- Acquisition and disposal costs including changes to deferred or contingent consideration;
- Impairment charges;
- Reversal of previously recognised impairment charges;
- Property related provisions;
- Restructuring costs as part of an announced programme;
- Retranslation and remeasurement of foreign currency contingent consideration;
- General dilapidations provision interest unwinding;
- General dilapidations asset deprecaition;
- Discontinued operations;
- Significant, material proceeds from tax appeals;
- The tax impact of all the above.

Estimates and judgements

In preparing the condensed consolidated financial information, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense, including inflationary cost pressures impacting the cost of living and customer sentiment and behaviour. Actual results may differ from these estimates.

Dilapidations provision

Provisions for dilapidations are recognised where the Group has the obligation to make-good its leased properties. These provisions are measured based on historically settled dilapidations which form the basis of the estimated future cash outflows. Any difference between amounts expected to be settled and the actual cash outflow will be accounted for in the period when such determination is made.

The Group's provisions are estimates of the actual costs and timing of future cash flows, which are dependent on future events, property exits and market conditions. Thus, there is inherently an element of estimation uncertainty within the provisions recognised by the Group. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

The provisions are most sensitive to estimates of the future cash outflows which are based on historically settled dilapidations. This means that an increase in cash outflows of 1% would have resulted to a £0.3m increase in the dilapidations provision. Likewise, a decrease in cash outflows of 1% would have resulted to a £0.3m decrease in the dilapidations provision.

Prior period restatement

These consolidated financial statements include a prior year restatement in relation to prior year costs identified in the Digital business which erroneously had not been recognised in the prior year consolidated income statements.

During the year, the Group identified an accumulated total of £2.2m prior year payment processing costs within the Digital business which erroneously had not been recognised in the prior year financial statements. Of the total value, £1.3m relates to FY2021/22, with the remaining £0.9m relating to pre FY2021/22.

The adjustments made to the year comparatives increase other operating costs by £1.3m, reduce cash and short term deposits by £1.3m, reduce prior year opening reserves by £0.9m and closing reserves is adjusted by £1.3m.

The impact of the adjustment on the June 2022 balance sheet is a reduction to cash and short-term deposits of £2.2m, a reduction to closing reserves of £2.2m and a reduction to opening reserves of £0.9m.

The prior period comparatives have been restated for the above items in accordance with IAS8: 'Accounting Policies, Changes in Accounting Policies and Errors' and have impacted the primary financial statements as follows:

Income Statement
for the year ended 30 June 2022

	As previously reported £m	**Adjustment £m**	**As restated £m**
Revenue	644.0	-	644.0
Cost of sales	(412.3)	-	(412.3)
Gross profit	231.7	-	231.7
Other operating income	91.9		91.9
Other operating costs	(241.5)	(1.3)	(242.8)
Operating profit	82.1	(1.3)	80.8
Financing:			
- finance costs	(13.1)	-	(13.1)
- finance income	0.1	-	0.1
- other financial gains	5.2	-	5.2
Total net financing charge	(7.8)	-	(7.8)
Profit before taxation	74.3	(1.3)	73.0
Taxation	(16.9)	-	(16.9)
Profit for the period from continuing operations	57.4	(1.3)	56.1
Profit after tax from discontinued operations	8.8	-	8.8
Profit for the period	66.2	(1.3)	64.9

	As previously reported £m	Adjustment £m	As restated £m
Total earnings per share attributable to equity shareholders			
- basic	14.2p	(0.3)p	13.9p
- diluted	14.2p	(0.3)p	13.9p
Total earnings per share attributable to equity shareholders – continuing operations			
- basic	12.3p	(0.3)p	12.0p
- diluted	12.3p	(0.3)p	12.0p
Underlying earnings per share attributable to equity shareholders – discontinued operations			
- basic	1.9p	-	1.9p
- diluted	1.9p	-	1.9p

Balance Sheet
At 30 June 2022

	As previously reported £m	Adjustment £m	As restated £m
Assets			
Cash and short-term deposits	97.9	(2.2)	95.7
Total assets	858.9	(2.2)	856.7
Total liabilities	(431.6)	-	(431.6)
Net assets	427.3	(2.2)	425.1
Equity			
Retained earnings	158.7	(2.2)	156.5
Total equity before non-controlling interests	427.4	(2.2)	425.2
Non-controlling interests	(0.1)	-	(0.1)
Total shareholders' equity	427.3	(2.2)	425.1

Cash flow statement
for the year ended 30 June 2022

	As previously reported £m	Adjustment £m	As restated £m
Cash flows from operating activities			
Cash generated from operations	171.3	(1.3)	170.0
Net cash generated from operating activities	155.1	(1.3)	153.8
Net cash used in investing activities	(32.4)	-	(32.4)
Net cash used from financing activities	(94.3)	-	(94.3)
Net increase in cash and short-term deposits	28.4	(1.3)	27.1
Cash and short-term deposit at the start of the period	69.6	(0.9)	68.7
Cash and short-term deposits at end of period	97.9	(2.2)	95.7

2. Segment information

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, as the chief operating decision-makers (CODM), to enable them to make strategic and operational decisions.

The Group reports five segments: Digital, Grosvenor Venues, Mecca Venues, Enracha Venues and Central Costs.

	Year ended 30 June 2023					
	Digital £m	**Grosvenor Venues £m**	**Mecca Venues £m**	**Enracha Venues £m**	**Central Costs £m**	**Total £m**
Continuing operations Revenue	**202.9**	**306.3**	**136.3**	**36.4**	**-**	**681.9**
Other operating income	**-**	**-**	**-**	**-**	**-**	**-**
Underlying operating profit (loss)	**13.8**	**16.3**	**(7.0)**	**9.1**	**(13.1)**	**19.1**
Separately disclosed items	**(9.1)**	**(51.7)**	**(67.1)**	**(4.2)**	**3.2**	**(128.9)**
Segment result	**4.7**	**(35.4)**	**(74.1)**	**4.9**	**(9.9)**	**(109.8)**
Finance costs						**(12.6)**
Finance income						**0.8**
Other financial losses						**(1.1)**
Loss before taxation						**(122.7)**
Taxation						**27.1**
Loss for the year from continuing operations						**(95.6)**

	Year ended 30 June 2022 (restated and re-presented)					
	Digital £m	Grosvenor Venues £m	Mecca Venues £m	Enracha Venues £m	Central Costs £m	Total £m
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*	13.3	36.2	(7.7)	7.4	(10.7)	38.5
Separately disclosed items	(14.5)	15.5	34.4	7.6	(0.7)	42.3
Segment result	(1.2)	51.7	26.7	15.0	(11.4)	80.8
Finance costs						(13.1)
Finance income						0.1
Other financial gains						5.2
Profit before taxation						73.0
Taxation						(16.9)
Profit for the year from continuing operations						56.1

*During the year, the Group undertook a review of the Group's central costs and has concluded that a proportion of them, which are directly attributable to the relevant business units, should be allocated to those business units, better reflecting the underlying profitability of each segment. This resulted in changes in the underlying profit (loss) of each business segment in the prior year which has been re-presented in the table above.

2. Segment information (continued)

Under IFRS8 – Operating Segments, segments are reported in a manner consistent with internal reporting provided to CODM.

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 2023					
	Digital	**Grosvenor Venues**	**Mecca Venues**	**Enracha Venues**	**Central Costs**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Employment and related costs	**28.1**	**122.0**	**46.1**	**17.7**	**7.7**	**221.6**
Taxes and duties	**47.7**	**64.2**	**27.1**	**2.0**	**1.2**	**142.2**
Direct costs	**57.1**	**28.2**	**20.6**	**3.0**	**-**	**108.9**
Depreciation and amortisation	**14.3**	**28.8**	**10.9**	**1.5**	**2.5**	**58.0**
Marketing	**33.3**	**6.2**	**5.7**	**2.4**	**0.2**	**47.8**
Property costs	**0.8**	**11.6**	**6.5**	**0.6**	**0.5**	**20.0**
Other	**7.8**	**29.0**	**26.4**	**0.1**	**1.0**	**64.3**
Total costs before separately disclosed items	**189.1**	**290.0**	**143.3**	**27.3**	**13.1**	**662.8**
Cost of sales						**409.0**
Operating costs						**253.8**
Total costs before separately disclosed items						**662.8**

	Year ended 30 June 2022 (restated and re-presented)					
	Digital	Grosvenor Venues	Mecca Venues	Enracha Venues	Central Costs	Total
	£m	£m	£m	£m	£m	£m
Employment and related costs	27.8	109.0	47.3	14.7	6.9	205.7
Taxes and duties	40.7	61.0	25.6	1.6	0.2	129.1
Direct costs	49.4	23.6	19.9	2.4	-	95.3
Depreciation and amortisation	13.4	33.3	16.0	1.3	3.4	67.4
Marketing	33.2	5.9	5.8	1.7	0.1	46.7
Property costs	0.5	9.5	4.5	0.6	0.9	16.0
Other	5.0	20.7	23.6	0.4	(0.8)	48.9
Total costs before separately disclosed items	170.0	263.0	142.7	22.7	10.7	609.1
Cost of sales						386.5
Operating costs						222.6
Total costs before separately disclosed items						609.1

3. Separately disclosed items

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Continuing operations		
Impairment charges	**(118.9)**	(47.8)
Impairment reversals	**6.6**	22.0
Closure of venues	**(7.7)**	(4.7)
Amortisation of acquired intangible assets	**(8.6)**	(11.7)
Integration costs	**(0.1)**	(2.8)
Business transformation costs	**(2.0)**	(0.9)
VAT claim – net of costs	**-**	77.1
Property-related provision	**(1.9)**	10.4
Disposal provision release	**3.7**	
Gain on remeasurement of previously existing interest in joint venture	**-**	0.8
Acquisition and disposal related costs	**-**	(0.1)
Separately disclosed items (1)	**(128.9)**	42.3
Interest	**(0.6)**	5.6
Taxation (see note 5)	**27.7**	(10.5)
Separately disclosed items relating to continuing operations(1)	**(101.8)**	37.4
Separately disclosed items relating to discontinued operations(1)		
Profit on disposal of business	**0.3**	8.8
Total separately disclosed items	**(101.5)**	46.2

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

Impairment charges and reversal
During the year, the Group recognised impairment charges of £118.9m (2022: £47.8m) relating to Grosvenor and Enracha venues and Mecca clubs. Following the last assessment made on 31 December 2022 where impairment charges of £95.4m were recognised, the Group recognised a further £23.5m impairment charge for the period for a number of reasons, including lower than anticipated performances, further reduction in forecast earnings and a decision to close a number of clubs and venues (see note 8 for further details).

The Group also recognised a reversal of previously impaired assets of £6.6m (2022: £22.0m Grosvenor and Enracha venues) relating to Grosvenor venues. The reversals were driven by better than anticipated performance and improved outlook in the identified Grosvenor venues.

These items are material, non-recurring and as such, have been excluded from underlying results.

Closure of venues
During the year, the Group made the decision to close a number of Grosvenor (£3.0m), Mecca venues (£3.1m) and an Enracha venue (£0.1m) at a total cost of £6.2m (2022: £4.7m relating to a number of Mecca venues). These relate to onerous contract costs, dilapidations and strip out costs on leased sites and other directly related costs that have been identified for closure. Upon initial recognition of closure provisions, management uses its best estimates of the relevant costs to be incurred, as well as the expected closure dates.

The items also includes specific dilapidation costs for recently closed clubs. This includes a specific dilapidation cost for recently closed clubs estimated at £1.5m.

These are material, one -off costs and as such have been excluded from underlying results.

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 £8.6m (2022: £11.7m) relating to the acquired intangible assets of Stride, YoBingo and Rialto.

3. Separately disclosed items (continued)

Integration costs
During the year, £0.1m of costs (2022: £2.8m) have been excluded from the 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 grosvenorcasinos.com in September 2022.

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.

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 expected to complete by 31 December 2021 but due to COVID-19 this period was extended. The multi-year change programme was a material, infrequent programme and was not considered to be part of the underlying business performance.

During the year £2.0m of costs were incurred and excluded from the underlying results of the Group; going forward the costs associated with this programme would form part of the underlying results of the Group.

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 was a positive decision for the Group, HMRC had a number of avenues of appeal before this matter reached 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 was 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.

Property related provisions
The Group recognised a dilapidation liability (and corresponding dilapidation asset) of £28.7m during the period ending 31 December 2022. As a result, the Group have recognised dilapidation asset depreciation of £1.9m (2022: £nil) and interest on dilapidation liability of £0.6m (2022: £nil) both recognised as separately disclosed items.

Property related provisions do not relate to the operations of the Group, rather a direct result of potential club or property closure and are therefore, excluded from underlying results.

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 prior year, the Group 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.

Disposal provision release
In prior years, provision has been made for legacy industrial disease and personal injury claims, and other directly attributable costs arising as a consequence of the sale or closure of previously owned businesses.

During the year, the Group have re-considered this provision by reviewing the historic and recent claims including the final settlement made. The Group also assessed the likelihood of payment for existing and potential future claims and concluded, on most cases, that the payment could not be determined as probable. It was therefore determined necessary to release the provision of £3.7m for the year.

3. Separately disclosed items (continued)

Gain on remeasurement of previously existing interest in joint venture
During the prior 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), see note 16.

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

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 a subsidiary. This has been presented as a separately disclosed item due to its one-off nature.

Profit on disposal 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 Group also made the decision to release £0.3m of the warranty provision associated with the Belgium casino sale due to the 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 2023 £m	Year ended 30 June 2022 £m
Continuing operations		
Finance costs:		
Interest on debt and borrowings	**(4.8)**	(4.5)
Amortisation of issue costs on borrowings	**(1.3)**	(1.9)
Interest payable on leases	**(6.5)**	(6.7)
Total finance costs	**(12.6)**	(13.1)
Finance income:		
Interest income on net investments in leases	**0.1**	0.1
Interest on short-term bank deposits	**0.7**	-
Total finance income	**0.8**	0.1
Other financial losses	**(0.5)**	(0.4)
Total net financing charge before separately disclosed items	**(12.3)**	(13.4)
Separately disclosed items – interest	**(0.6)**	5.6
Total net financing charge	**(12.9)**	(7.8)

5. Taxation

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Current income tax		
Current income tax – UK	**1.3**	(0.7)
Current income tax – overseas	**(2.0)**	(3.5)
Current income tax on separately disclosed items	**2.6**	(3.3)
Amounts over (under) provided in previous period	**0.1**	(5.4)
Total current income tax credit (charge)	**2.0**	(12.9)
Deferred tax		
Deferred tax – UK	**(5.8)**	0.2
Deferred tax – overseas	**0.1**	(1.4)
Impact of rate changes on deferred tax	**5.7**	(0.2)
Deferred tax on separately disclosed items	**25.1**	(7.2)
Amounts over provided in previous period	**-**	4.6
Total deferred tax credit (charge)	**25.1**	(4.0)
Tax credit (charge) in the income statement	**27.1**	(16.9)

Tax on separately disclosed items

The taxation impacts of separately disclosed items are disclosed below:

	Year ended 30 June 2023			Year ended 30 June 2022		
	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	**2.0**	**23.2**	**25.2**	1.3	3.3	4.6
Property related provisions	**0.2**	**0.7**	**0.9**	(0.6)	(1.4)	(2.0)
Amortisation of acquired intangible assets	**-**	**1.3**	**1.3**	-	1.1	1.1
Closure of venues	**0.2**	**1.3**	**1.5**	0.5	0.4	0.9
Integration costs	**0.1**	**(1.8)**	**(1.7)**	0.1	0.3	0.4
Business transformation costs	**0.1**	**0.4**	**0.5**	-	0.2	0.2
Tax credit (charge) on separately disclosed items	**2.6**	**25.1**	**27.7**	(3.3)	(7.2)	(10.5)

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.

On 20 June 2023 the UK Finance Bill was substantively enacted in the UK, including legislation to implement the OECD Pillar Two income taxes for periods beginning on or after 1 January 2024. The Group has applied the exception in the Amendments to IAS 12 issued in May 2023 and has neither recognised nor disclosed information about deferred tax assets or liabilities relating to Pillar Two income taxes.

UK corporation tax is calculated at 20.50% (year ended 30 June 2022: 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.

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

6. Dividends paid to equity holders

No dividend in respect of the year ended 30 June 2023 will be recommended at the Annual General Meeting on 19 October 2023 (year ended 30 June 2022: nil).

7. 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 2023 £m	Year ended 30 June 2022 (restated) £m
(Loss) profit attributable to equity shareholders	**(95.7)**	64.9
Adjust for:		
Separately disclosed items after tax	**101.5**	(46.2)
Underlying net earnings attributable to equity shareholders	**5.8**	18.7
Continuing operations	**5.8**	18.7
Discontinued operations	**-**	-
Weighted average number of ordinary shares in issue	**468.4m**	468.4m
Underlying earnings per share (p) - basic	**1.2p**	4.0p
Continuing operations	**1.2p**	4.0p
Discontinued operations	**-**	-
Underlying earnings per share (p) - diluted	**1.2p**	4.0p
Continuing operations	**1.2p**	4.0p
Discontinued operations	**-**	-

8. 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.

During the year, Mecca clubs and Grosvenor and Enracha venues had indicators of impairment, primarily caused by lower than anticipated performance post the pandemic, and low level of forecast earnings, or a decision to close venues. This further resulted to a decision to close a Grosvenor venue and a number of Mecca clubs which resulted in an impairment of £7.1m.

The Group also recognised a reversal of previously impaired assets of £6.6m relating to Grosvenor venues (FY22: £22m relating to Grosvenor and Enracha venues). The reversals were driven by better than anticipated performance and improved outlook in the identified Grosvenor and Enracha venues.

The impairment test was conducted in June 2023, and management is satisfied that the assumptions used were appropriate.

Testing is carried out by allocating the carrying value of these assets to CGUs, as set out above, and determining the recoverable amounts of those CGUs. The individual CGUs were first tested for impairment and then the group of CGUs to which goodwill is allocated were tested. Where the recoverable amount exceeds the carrying value of the CGUs, the assets within the CGUs are considered not to be impaired. If there are legacy impairments for such assets, except goodwill, these are considered for reversal.

8. Impairment reviews (continued)

The recoverable amounts of all CGUs or group of CGUs have been calculated with reference to their value in use. Value in use calculations are based upon estimates of future cash flows derived from the Group's strategic plan for the following five year period ending 30 June 2027. Future cash flows will also include an estimate of long-term growth rates which are estimated by business unit.

Pre-tax discount rates were re-assessed at 30 June 2023 and are applied to each CGU or group of CGUs' cash flows and reflect both the time value of money and the risks that apply to the cash flows of that CGU or group of CGUs. These estimates have been calculated by external experts and are based on typical debt and equity costs for listed gaming and betting companies with similar risk profiles. The rates adopted are disclosed in the table below.

	Pre-tax discount rate		Long-term growth rate	
	2022/23	2021/22	**2022/23**	2021/22
Grosvenor venues	12.17%	11.3%	2%	2%
Mecca venues	12.17%	11.3%	0%	0%
UK digital	12.57%	13.0%	2%	2%
International digital	12.63%	14.7%	2%	2%
Enracha	13.83%	12.5%	2%	2%

The following impairment charges and impairment reversals 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)	(18.9)	(7.5)	(26.9)	(53.3)
Mecca venues (2)	(31.8)	(29.7)	-	(61.5)
Enracha venues(3)	(0.9)	(2.4)	(0.8)	(4.1)
	(51.6)	**(39.6)**	**(27.7)**	**(118.9)**
Impairment reversals				
Grosvenor venues(1)	4.3	2.3	-	6.6
	4.3	**2.3**	**-**	**6.6**
At the end of the year	**(47.3)**	**(37.3)**	**(27.7)**	**(112.3)**

(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 £108.7m.

(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 £13.4m.

(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 £60.1m.

9. Government grants

	As at 30 June 2023 £m	As at 30 June 2022 £m
At the start of the year	-	0.8
Receivable in the year	-	3.6
Cash received	-	(4.4)
At the end of the year	-	-

10. Provisions

	Property related provisions £m	Disposal provisions £m	Indirect tax provision £m	Pay provision £m	Warranty provision £m	**Total £m**
At 1 July 2022	6.8	3.9	1.2	0.1	0.5	**12.5**
Created	28.7	-	-	-	-	**28.7**
Charge to the income statement – separately disclosed items	7.4	-	-	-	-	**7.4**
Release to the income statement – separately disclosed items	(3.2)	(3.7)	-	-	(0.3)	**(7.2)**
Utilised in the year	(2.4)	-	-	-	-	**(2.4)**
At 30 June 2023	**37.3**	**0.2**	**1.2**	**0.1**	**0.2**	**39.0**
Current	5.6	0.2	1.2	0.1	0.2	**7.3**
Non-current	31.7	-	-	-	-	**31.7**
Total	**37.3**	**0.2**	**1.2**	**0.1**	**0.2**	**39.0**

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

11. Share capital and reserves

	As at 30 June 2023		As at 30 June 2022	
	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**	468.4	65.0
Shares issued in year	**-**	**-**	-	-
At end of the year	**468.4**	**65.0**	468.4	65.0
Share premium				
At start of the year	**468.4**	**155.7**	468.4	155.7
Shares issued in year	**-**	**-**	-	-
At end of the year	**468.4**	**155.7**	468.4	155.7

Total shares in issue at 30 June 2023 are 468,429,541 (2022: 468,429,541).

12. Borrowings to net debt reconciliation

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

	As at 30 June 2023 £m	As at 30 June 2022 £m
Total loans and borrowings	**(62.2)**	(78.0)
Adjusted for:		
Accrued interest	**0.4**	0.5
Unamortised facility fees	**(0.6)**	(1.3)
	(62.4)	(78.8)
Cash and short-term deposits	**58.5**	95.7
Net debt excluding IFRS 16 lease liabilities	**(3.9)**	16.9
Lease liabilities	**(169.0)**	(181.7)
Net debt	**(172.9)**	(164.8)

13. Notes to cash flow

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m (restated)
(Loss) profit for the year	**(95.3)**	64.9
Adjustments for:		
Depreciation and amortisation	**60.1**	67.4
Amortisation of arrangement fees	**1.3**	-
Loss on disposal of assets	**0.2**	-
Net financing charge	**12.3**	13.4
Income tax expense	**0.6**	6.4
Share-based payments	**1.1**	(0.3)
Separately disclosed items	**101.5**	(46.2)
	81.8	105.6
Decrease (increase) in inventories	**0.2**	(0.3)
Decrease (increase) in other receivables	**11.2**	(18.4)
(Decrease) increase in trade and other payables	**(8.4)**	12.5
	84.8	99.4
Cash utilisation of provisions	**(2.4)**	(1.8)
Cash (payments) receipts in respect of separately disclosed items	**(7.1)**	72.4
Cash generated from operations	**75.3**	170.0

14. Contingent liabilities

Property arrangements
The Group has certain property arrangements under which rental payments revert to the Group in the event of default by the third party. At 30 June 2023, 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 £0.8m 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.

Disposal claims
As a consequence of historic sale or closure of previously owned businesses, the Group may be liable for legacy industrial disease and personal injury claims alongside any other directly attributable costs. The nature and timing of these claims is uncertain and depending on the result of the claim's assessment review, it is not always possible to reliably estimate the likelihood, timing and value of potential cash outflows.

Contingent consideration
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 of £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 included in Trade and other payables of the Group balance sheet. 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.

At 30 June 2023, the Group settled £0.4m of the contingent consideration leaving a balance of £0.4m.

15. 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 2023, entities controlled by GuoLine owned 57.4% (30 June 2022: 56.1%) of the Company's shares, including 53.3% (30 June 2022: 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.

16. 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 of £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.

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.

At 30 June 2023, the Group settled £0.4m of the contingent consideration leaving a balance of £0.4m.

17. Post balance sheet events

In August 2023, the Group secured a financing package which totalled £100m of revolving credit facilities. £25m is committed until November 2024 and the remaining £75m is committed until February 2025. The Group subsequently repaid the remaining term loan of £44.4m.