Pinewood Group Limited

Report as at and for

the 3 months to

30 June 2021

First quarter highlights

Operational and industry highlights

- The BFI reported that the combined UK film and high-end television ('HETV') production spend reached record highs in H1 CY21 totalling £3.6 billion from 300 productions; more than four times higher than that reported in H1 CY20
- Both studios remain fully operational, with 16 productions on-site, of which 8 are shooting. Activity in the ancillary businesses (TV studios and Post-Production) has returned to normal levels
- The Group has delivered a solid set of results, with turnover up by 12% to £24.4 million (Q1 FY21: £21.9 million) and Adjusted EBITDA of £14.9 million (Q1 FY21: £14.9 million) in the 3-month period to 30 June
- As announced in June, the Group returned £548k of funds claimed in FY21 under the Government's Coronavirus Job Retention Scheme ('CJRS') which related to retained employees

Strategic highlights

Expansion projects progressing:

- Real estate optimisation ("REO"): construction of five new stages at Pinewood West, pre-let to Disney, is progressing well, with the steel frames now complete and cladding commenced. Delivery of the stages is expected in H1 CY22
- Shepperton expansion: the Group expects to start construction of three sound stages and other production accommodation (c.170k sq ft), together with a six-acre backlot, within the next three months. A fixed priced construction contract has been offered by a reputable contractor and is currently being evaluated
- Pinewood East Phase 3: obtained detailed planning permission for four new sound stages, plus other production accommodation, for this final phase of development at Pinewood East

Financial highlights

The table below provides an overview of key performance indicators for the period:

	3 months ended 30 June 2021 £'000	**3 months ended 30 June 2020 £'000**
Turnover	24,446	21,915
Adjusted EBITDA	14,950	14,895
Adjusted EBITDA margin	61.2%	68.0%
Cash generated from operations	514	5,087
Capital expenditure*	(13,838)	(3,375)
Adjusted net debt	(467,897)	(457,478)

** Capital expenditure represents the purchase of property, plant and equipment, intangible assets, and the investment in and repayments from participating interests, net of proceeds from sale of property, plant and equipment, intangibles, investments and participating interests*

Turnover

With the prior year period impacted by the pandemic and the production hiatus, turnover has improved by £2.5 million to £24.4 million (Q1 FY21: £21.9 million), with activity returning to normal levels across the business. The improvement in activity was partially offset by a fall in studio resale income and International revenues following the cessation of the sales and marketing arrangement with the Atlanta studios in October 2020.

Adjusted EBITDA

Despite the increase in turnover and profitability from the return of TV and Post-Production, Adjusted EBITDA at £14.9 million (Q1 FY21: £14.9 million), was level with the prior year period. The improved profits from these businesses have been partially reduced by the non-recurrence of cost savings and initiatives which were implemented in response to the pandemic. As announced in June 2021, this quarter sees the return of £0.5 million of those CJRS monies received in FY21 relating to the Group's retained staff, with a similar amount received in the prior period during the first lock-down last year.

Adjusted EBITDA has also been reduced by: (i) a slightly lower level of resale income; (ii) a £0.2 million smaller uplift from the application of FRS102 to certain indexation clauses of our long-term contracts; (iii) the cessation of the sales and marketing arrangement with the Atlanta studios, and (iv) an increase in headcount in our in-house property team delivering our studio expansion plans.

Adjusted EBITDA margin reduced to 61.2% (Q1 FY21: 68.0%) and includes the return of the CJRS receipts relating to FY21. The margin was particularly high in Q1 FY21, due to temporary savings and cost control measures implemented in light of the pandemic, and strong resales of production accommodation.

Reconciliation of profit after taxation to Adjusted EBITDA

	3 months ended 30 June 2021	**3 months ended 30 June 2020**
Profit after taxation	5,747	9,268
Tax charge on profit	3,080	2,463
Net interest payable and other charges	3,286	2,484
Depreciation of property, plant and equipment	2,622	2,575
Impairment of property, plant and equipment	-	-
Amortisation of intangible assets	234	212
(Profit)/ loss on disposal of property, plant & equipment and investments	(19)	(93)
EBITDA	**14,950**	**16,909**
Adjusted items **	-	(2,014)
Adjusted EBITDA	**14,950**	**14,895**

** See note 1 of the financial statements for details of adjusted items

Cash flow and capital expenditure

The cash balance at 30 June 2021 was £282.1 million, having decreased by £15.5 million from £297.6 million since the start of the financial year. Cash generated from operations was £0.5 million, with a substantial proportion of cash receipts under the long-term contracts due in Q4 of each calendar year, and the return of the FY21 furlough monies this quarter. After interest and tax payments, the cash flow from operating activities totalled £1.5 million outflow. £13.8 million was spent on capital expenditure, in particular on our studio expansion programme and developing the five new stages at Pinewood West and undertaking enabling works at Shepperton North West. Finally, residual financing arrangement fees of £0.1 million were paid in the quarter.

Net cash generation declined by £15.3 million since Q1 FY21, with £10.5 million from increased capital expenditure. The remaining £4.8 million decline is due to a reduction in working capital of £4.6 million, a £0.1 million increase in tax payments and a £0.1 million payment of residual arrangement fees from the financing in January. The reduction in working capital is driven by: (i) the phasing-in of the two long-term contracts over the first half of FY21; (ii) a natural delay from the timing of VAT reclaims relating to capital expenditure as our studio expansion plans progress; and partially offset by (iii) a reduced level of resale-related payments in the period.

Adjusted Net debt and liquidity

Adjusted net debt as at 30 June 2021 stood at £467.9 million, based on £750.0 million of senior secured notes and a cash balance of £282.1 million. Adjusted net debt at 31 March 2021 was £452.4 million, based on £750.0 million of senior secured notes and a cash balance of £297.6 million.

Paul Golding, CEO, commented

The Group has made a good start to the year. Our UK studios remain busy with 16 productions, at various stages of development, currently based at Pinewood and Shepperton. Further, the recovery in our Post-Production and TV studio businesses to pre-pandemic levels has been encouraging. We consider that the outlook for the Group remains positive.

The next Investor update is scheduled for 17 November 2021.

General information

Pinewood is the leading independent provider of the real estate that is required for the production of film and television content. Founded in 1936 and headquartered in the United Kingdom, Pinewood owns premium, large-scale facilities also known as studios, for hosting film, television and other media productions. Our freehold studios are located in prime locations near London and make Pinewood a preferred choice for major film production companies. Pinewood branded studios have hosted over 2,000 films, among them 170 Oscar winners, 230 BAFTA winners and numerous blockbuster film productions with budgets of over $100.0 million.

Presentation of financial information

Unless otherwise indicated, the financial information presented in this report is the historical consolidated financial information of the Group.

This report includes or derives information from the following financial sources:

- The unaudited consolidated financial information of the Group as of and for the 3 months ended 30 June 2021 ("Q1 2022", "Q1 FY22"), and the comparative period as of and for the 3 months ended 30 June 2020 ("Q1 2021" or "Q1 FY21"), prepared in accordance with FRS 102.
- The audited consolidated financial information of the Group as of and for the year ended 31 March 2021 ("FY21"), and the comparative period as of and for the year ended 31 March 2020 ("FY20"), is prepared in accordance with FRS 102. The financial year for the Group runs from 1 April following the previous financial year end to 31 March each calendar year.

Further information for the noteholders

This report was prepared in accordance with the indenture dated 25 September 2019 among Pinewood Finco PLC, as issuer, the guarantors named therein, Deutsche Trustee Company Limited, as Trustee, and Deutsche Bank AG London Branch, as security agent and as paying agent.

This report may include forward-looking statements. All statements other than statements of historical fact included in this report, including those regarding the Group's financial position, business and acquisition strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the out-turned results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Many factors could cause the out-turned results, performance, or achievements to differ materially from those in the forward-looking statements. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this interim report. The Group expressly disclaims any obligations or undertaking, except as required by applicable law and regulations to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Group's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

The financial results presented in this presentation are preliminary and may change. This financial information includes calculations or figures that have been prepared internally by management and have not been reviewed or audited by our independent auditors. There can be no assurance that the Group's actual results for the period presented herein will not differ from the preliminary financial data presented herein and such changes could be material. This preliminary financial data should not be viewed as a substitute for full financial statements prepared in accordance with FRS 102 and is not necessarily indicative of the results to be achieved for any future periods. This preliminary financial information, and previously reported amounts, could be impacted by the effects of further review by the Board of Directors.

Use of non-FRS 102 financial information

This report contains certain non-UK GAAP and non-IFRS financial measures and ratios, including, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted net debt, and certain other measures (collectively, "**Non-GAAP Measures**") that are not required by, or presented in accordance with UK GAAP, IFRS or the accounting measures of any other jurisdiction. In addition, where narrative information given in this report excludes the impact of adjusted items and, therefore, refers to non-GAAP measures, this is indicated in the information given.

In this report, "Adjusted EBITDA" is calculated as profit before interest receivable and similar income, interest payable and similar charges, tax charge/credit on profit/loss, depreciation of property, plant and equipment, impairment of long-term assets, amortisation of goodwill and intangibles, gain/loss on disposal of property, plant and equipment, gain/loss on disposal of participating interests and investments, and adjusted items.

In this interim report, "Adjusted EBITDA margin" is calculated as Adjusted EBITDA (which includes the impact of income from participating interests and based on financial statements prepared in accordance with UK GAAP) divided by turnover (which does not include the impact of income from participating interests).

In this report, "adjusted net debt" is calculated as debt, ignoring accrued interest and the unamortised loan issue costs, net of cash balances.

Financial update for the 3 months ended 30 June 2021

Group Statement of Comprehensive Income

Turnover

Turnover increased by £2.5 million to £24.4 million (Q1 FY21: £21.9 million), largely due to both the ancillary TV studios and Post-Production businesses having now returned to normal operating levels. During the production hiatus in Q1 FY21, two of the three dedicated TV studios remained empty until production scheduling resumed in July 2020, and similarly, Post-Production was impacted by delays in production scheduling.

UK studios continues to deliver stable income from production accommodation along with an increase in ancillary studio services income, now that productions have returned. This has been largely offset by lower resale income, due in part to the very full production schedules of our customers leaving little unutilised space available for rental to third parties.

The long-term contracts contain indexation provisions which, in accordance with FRS102, result in certain revenue being recognised on a straight-line basis over the initial term, rather than increasing each year. Consequently, revenue was adjusted upwards by £0.7 million (Q1 FY21: £0.8 million) compared with the contractual amounts due.

Revenue from International agreements has declined slightly, following the exit from the sales and marketing agreement with the studios in Atlanta in October 2020. Income continues to be generated from our agreements with studios in Toronto and the Dominican Republic.

Cost of sales

Cost of sales expenditure increased by £1.3 million to £9.7 million (Q1 FY21: £8.4 million). The increase is a result of activity returning to pre-pandemic levels, with increased TV and energy costs supporting the increase in revenue, with energy charged under the two long-term contracts at cost, together with slight increases in other costs incurred in maintaining the site.

Gross profit

Gross profit at £14.8 million, was £1.3 million higher than prior year (Q1 FY21: £13.5 million). However, gross profit margin decreased by 1.4 ppt to 60.4% (Q1 FY21: 61.8%). The high level of production scheduling at the studios, has resulted in the reduced opportunity for generating resale income and a higher uptake of ancillary studio services, which are sold at cost.

Selling, distribution and Administrative expenses

Selling, distribution and administrative expenses, together totalling £2.2 million, are slightly higher than the prior year (Q1 FY21: £1.9 million) with the increase relating to a small investment in the in-house team leading our studio expansion plans.

Other operating expenses/income

Other operating expenses of £0.5 million includes the repayment in June 2021 of those funds, granted throughout FY21 under the Government's CJRS, which related to our retained staff. In the prior year period, the Group recognised income of £0.5 million under the CJRS.

Operating profit

Operating profit before adjusted items of £12.1 million (Q1 FY21: £12.2 million) was level with the prior year period, having worked to contain the financial impact of the pandemic last year and returning the CJRS funds for FY21 this year. Operating profit margin was 49.6% (Q1 FY21: 55.7%), although without the impact of the CJRS monies alone, in either year, would have been 51.7% (Q1 FY21: 53.6%).

Income from participating interests

The carrying value of the associate as at 30 June 2021 remains at its original cost of £nil, with the Group having recognised a share of results of £nil for the quarter, after equity accounting adjustments.

Interest receivable and similar income

Interest receivable and similar income, which mainly comprises income earned on the loan to the Group's parent company, was £3.0 million (Q1 FY21: £2.9 million).

Interest payable and similar charges

Interest payable and similar charges increased by £0.9 million to £6.3 million (Q1 FY21: £5.4 million), following the financing in January 2021 which increased the principal of the 3.25% senior secured notes by £200.0 million. The prior year period had been impacted by a fair value charge on the Group's interest rate swaps, which did not recur in Q1 FY22.

*Tax charge on profit on ordinary activities***

Excluding the impact of adjusted items, the tax charge on profit on ordinary activities increased by £1.0 million to £3.1 million (Q1 FY21: £2.1 million). The effective tax rate has increased markedly in the quarter to 34.9% (Q1 FY21: 21.4%), due to the main rate of UK corporation tax increasing from 19% to 25% from 1 April 2023; the 2021 Finance Bill is now substantially enacted and, therefore, the rates are now incorporated in the Group's deferred tax position.

** Excluding adjusted items

Adjusted items

The Group presents its results in the statement of comprehensive income to separately identify the impact of certain items ("adjusted items") in order to provide a clear and consistent presentation of the underlying operating performance of the Group. Adjusted items are transactions that are unusual in size or nature or have limited predictive value such as disposals, discontinued operations, impairments, certain fair value remeasurements and other significant items where the Group considers separate disclosure would be useful.

There are no adjusted items reported in Q1 FY22, compared with adjusted income of £1.6 million in Q1 FY21, being:

- **Gain on loan to participating interests** (£2.0 million): In June 2020, the step-up associated with the Group's investment in PMBS completed for £nil consideration. The Group also received additional loan notes from PMBS for £nil consideration. These were recognised on the balance sheet at a fair value of £2.0 million, resulting in a corresponding gain in the income statement; and
- **Tax charge** (£0.4 million): Arising on the item above.

Liquidity and capital resources

Cash flow

The cash balance was £282.1 million at 30 June 2021, having decreased by £15.5 million from £297.6 million since the start of the financial year.

Net cash flow from operating activities

Net cash flow from operating activities of a £1.5 million outflow (Q1 FY21: £3.2 million inflow), reduced quarter-on-quarter by £4.7 million. Before movements in working capital, cash inflows of £14.9 million (Q1 FY21: £14.9 million) were level with the prior year period.

The quarter-on-quarter decrease in operating cash flows is mainly due to a reduction in working capital of £4.6 million. This is driven by: (i) the phasing-in of the two long-term contracts over the first half of FY21; (ii) a natural delay from the timing of VAT reclaims relating to capital expenditure as our studio expansion plans progress; and is partially offset by (iii) a reduced level of resale-related payments in the period.

Net interest and tax payments of £0.4 million and £1.6 million respectively are, together, only £0.1 million higher than the Q1 FY21.

Net cash flow from investing activities

Net cash outflow from investing activities was £13.8 million compared with £3.4 million in Q1 FY21. Expenditure in the period largely relates to the continued development of the five stages at Pinewood West, enabling works at Shepperton North West and the ongoing design of the Shepperton South expansion. Expenditure at £3.4 million in Q1 FY21 was relatively low, with all studio expansion projects in the planning and site preparation stage.

Net cash flow from financing activities

Net cash outflow from financing activities was £0.1 million (Q1 FY21: £nil) following payment of residual financing arrangement fees in the quarter.

Pinewood Group Limited

Interim condensed consolidated financial statements

Period ended 30 June 2021

Company Registration Number: 03889552

Group Statement of Comprehensive Income

for the three month period ended 30 June 2021

		3 months ended 30 Jun 2021			3 months ended 30 Jun 2020			Full year 31 Mar 2021
		Adjusted	**Adjusted items (Note 1)**	**Total**	Adjusted	Adjusted items (Note 1)	Total	Total
	Note	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Turnover		**24,446**	**-**	**24,446**	21,915	-	21,915	96,888
Cost of sales		**(9,673)**	**-**	**(9,673)**	(8,366)	-	(8,366)	(36,434)
Gross profit		**14,773**	**-**	**14,773**	13,549	-	13,549	60,454
Selling and distribution costs		**(207)**	**-**	**(207)**	(256)	-	(256)	(878)
Administrative expenses		**(1,949)**	**-**	**(1,949)**	(1,641)	-	(1,641)	(7,039)
Other operating (expenses)/income		**(504)**	**-**	**(504)**	549	-	549	(2,405)
Operating profit	2	**12,113**	**-**	**12,113**	12,201	-	12,201	50,132
Gain on loan to participating interests		**-**	**-**	**-**	-	2,014	2,014	2,014
Interest receivable and similar income	3	**2,998**	**-**	**2,998**	2,917	-	2,917	11,476
Interest payable and similar charges	4	**(6,284)**	**-**	**(6,284)**	(5,401)	-	(5,401)	(20,612)
Profit before taxation		**8,827**	**-**	**8,827**	9,717	2,014	11,731	43,010
Tax charge	5	**(3,080)**	**-**	**(3,080)**	(2,080)	(383)	(2,463)	(9,276)
Profit after taxation attributable to equity shareholders		**5,747**	**-**	**5,747**	7,637	1,631	9,268	33,734
Other comprehensive income								
Currency exchange differences		**17**	**-**	**17**	84	-	84	(535)
Total comprehensive income		**5,764**	**-**	**5,764**	7,721	1,631	9,352	33,199

The notes on pages 12 to 22 form part of these financial statements.

Group Statement of Financial Position

as at 30 June 2021

	Note	**30 Jun 2021 £'000**	30 Jun 2020 £'000	31 Mar 2021 £'000
Assets				
Non-current assets				
Intangible assets	7	**5,627**	5,804	5,801
Property, plant and equipment	8	**339,367**	304,430	325,370
Interests in associates	6	**3,917**	4,453	3,841
Trade and other receivables	9	**331,503**	320,422	328,733
		680,414	635,109	663,745
Current assets				
Inventories		**43**	56	59
Trade and other receivables	9	**8,204**	10,651	7,124
Cash and cash equivalents		**282,103**	92,522	297,596
		290,350	103,229	304,779
Total assets		**970,764**	738,338	968,524
Equity and liabilities				
Share capital	10	**1**	1	1
Translation reserve	11	**1,617**	2,219	1,600
Retained earnings	11	**152,381**	122,168	146,634
Total equity		**153,999**	124,388	148,235
Non-current liabilities				
Interest bearing loans and borrowings	12	**753,764**	549,148	747,655
Derivative financial instruments	13	**1,851**	3,176	2,095
Deferred tax liabilities	5	**4,948**	3,657	3,769
		760,563	555,981	753,519
Current liabilities				
Trade and other payables	14	**56,202**	57,969	66,770
		56,202	57,969	66,770
Total liabilities		**816,765**	613,950	820,289
Total equity and liabilities		**970,764**	738,338	968,524

Group Statement of Cash Flows

for the three month period ended 30 June 2021

	Note	3 months ended 30 Jun 2021 £'000	3 months ended 30 Jun 2020 £'000	Year ended 31 Mar 2021 £'000
Cash flow from operating activities:				
Profit before taxation		**8,827**	11,731	43,010
Adjustments to reconcile profit before taxation to net cash flows:				
Depreciation, impairment and amortisation	2	**2,856**	2,787	11,317
Profit on disposal of investments	2	**(19)**	-	-
(Profit)/loss on disposal of property, plant and equipment	2	**-**	(93)	1,783
Gain on investment in participating interests	1	**-**	(2,014)	(2,014)
Unrealised foreign exchange (gain)/loss		**-**	(10)	13
Interest receivable and similar income	3	**(2,998)**	(2,917)	(11,476)
Interest payable and similar charges	4	**6,284**	5,401	20,612
Cash flow from operating activities before changes in working capital		**14,950**	14,885	63,245
(Increase)/decrease in trade and other receivables		**(943)**	(1,591)	1,546
Decrease/(increase) in inventories		**16**	-	(3)
Decrease in trade and other payables		**(13,509)**	(8,207)	(3,350)
Cash generated from operations		**514**	5,087	61,438
Interest paid		**(575)**	(436)	(22,329)
Interest received		**153**	28	55
Corporation tax received in respect of FPC activity		**-**	-	41
Net corporation tax paid		**(1,617)**	(1,491)	(6,866)
Net cash flow (used in)/from operating activities		**(1,525)**	3,188	32,339
Cash flow (used in)/from investing activities:				
Proceeds from disposal of property, plant and equipment		**-**	180	270
Purchase of property, plant and equipment		**(13,787)**	(3,177)	(31,256)
Purchase of intangible assets		**(70)**	(378)	(1,084)
Proceeds from disposal of investments		**19**	-	-
Repayment of loan by associate		**-**	-	392
Net cash flow used in investing activities		**(13,838)**	(3,375)	(31,678)
Cash flow (used in)/from financing activities:				
Proceeds from issue of loan notes		**-**	-	206,576
Payment of loan issue costs and finance arrangement fees		**(147)**	-	(1,978)
Net cash flow (used in)/from financing activities		**(147)**	-	204,598
Net (decrease)/increase in cash and cash equivalents		**(15,510)**	(187)	205,259
Currency exchange movement		**17**	54	(318)
Cash and cash equivalents at the start of the period		**297,596**	92,655	92,655
Cash and cash equivalents at the end of the period		**282,103**	92,522	297,596

Reconciliation of Movement in Net Debt
for the three month period ended 30 June 2021

	3 months ended 30 Jun		Year ended
	2021	2020	31 Mar 2021
	£'000	£'000	£'000
Net (decrease)/increase in cash and cash equivalents	**(15,510)**	(187)	205,259
Currency exchange movement	**17**	54	(318)
Payment of interest on loan notes	**-**	-	21,125
Proceeds from issue of loan notes	**-**	-	(206,576)
Payment of loan issue costs and finance arrangement fees	**147**	-	1,978
Movement in loan issue costs accrued [1]	**(90)**	-	171
Interest expense on loan notes	**(6,166)**	(4,662)	(19,867)
Movement in net debt	**(21,602)**	(4,795)	1,772
Net debt at the start of the period	**(450,059)**	(451,831)	(451,831)
Net debt at the end of the period	**(471,661)**	(456,626)	(450,059)
Net debt at the end of the period excluding restricted cash	**(473,415)**	(456,695)	(451,822)

1) During the 3 months to 30 June 2021, accruals for arrangement fees incurred on issuing £200 million Senior Secured Notes were adjusted to reflect invoices received.

Group Statement of Changes in Equity
for the three month period ended 30 June 2021

	Share capital £'000	**Translation reserve £'000**	**Retained earnings £'000**	**Total equity £'000**
At 01 April 2021	**1**	**1,600**	**146,634**	**148,235**
Profit for the period	**-**	**-**	**5,747**	**5,747**
Currency exchange differences	**-**	**17**	**-**	**17**
Total comprehensive income for the period	**-**	**17**	**5,747**	**5,764**
At 30 June 2021	**1**	**1,617**	**152,381**	**153,999**
At 01 April 2020	1	2,135	112,900	115,036
Profit for the year	-	-	33,734	33,734
Currency exchange differences	-	(535)	-	(535)
Total comprehensive income for the year	-	(535)	33,734	33,199
At 31 March 2021	1	1,600	146,634	148,235
At 01 April 2020	1	2,135	112,900	115,036
Profit for the period	-	-	9,268	9,268
Currency exchange differences	-	84	-	84
Total comprehensive income for the period	-	84	9,268	9,352
At 30 June 2020	1	2,219	122,168	124,388

Notes to the Condensed Consolidated Financial Statements
for the three month period ended 30 June 2021

1 Adjusted items

The Group separately presents, as adjusted items, gains and losses on major disposals, certain remeasurements and other significant items. All of the adjusted items shown below are transactions that are either unusual in size or nature or have limited predictive value. Providing additional information on adjusted items and presenting them separately from the total statutory performance of the Group is considered helpful in order to provide a consistent presentation of the underlying performance of the Group.

	3 months ended 30 Jun		Year ended
	2021	2020	31 Mar 2021
Income/(expense)	**£'000**	£'000	£'000
Administrative expenses:			
Termination of agreement with Pinewood Forest	**-**	-	542
Administrative expenses within adjusted items	**-**	-	542
Gain on loan to participating interests within adjusted items	**-**	2,014	2,014
Tax credit on adjusted items	**-**	(383)	(705)
Adjusted items per statement of comprehensive income	**-**	1,631	1,851

Further detail on adjusted items in prior periods is available in the reports for those periods, which can be found at pinewoodgroup.com/pinewood-today/investors.

2 Operating profit

	3 months ended 30 Jun		Year ended
	2021	2020	31 Mar 2021
Operating profit is stated after charging/(crediting):	**£'000**	£'000	£'000
Depreciation of property, plant and equipment	**2,622**	2,575	10,344
(Profit)/loss on disposal of property, plant and equipment	**-**	(93)	1,783
Operating lease payments	**326**	337	1,265
Profit on disposal of investments	**(19)**	-	-
Net Government grants returned/(received)	**527**	(456)	(700)
Amortisation of software	**94**	72	413
Amortisation of goodwill	**140**	140	560
Net foreign exchange losses/(gains)	**4**	(18)	34

During the 3 months ended 30 June 2021, in light of the positive result achieved for the year ended 31 March 2021, the Group returned monies received under the UK Coronavirus Job Retention Scheme relating to retained employees. The total repayment made was £548,000.

Depreciation charges are included within cost of sales, amortisation of intangible assets is included within administrative expenses, profit or loss on disposal and impairments are included within other operating income/expenses.

Notes to the Condensed Consolidated Financial Statements (continued)

for the three month period ended 30 June 2021

3 Interest receivable and similar income

	3 months ended 30 Jun **2021** **£'000**	2020 £'000	Year ended 31 Mar 2021 £'000
On financial assets measured at amortised cost:			
Interest receivable from associates	**76**	119	340
Interest receivable on loan due from parent undertaking	**2,770**	2,770	11,080
Bank interest receivable	**44**	28	56
Other interest receivable	**108**	-	-
	2,998	2,917	11,476

4 Interest payable and similar charges

	3 months ended 30 Jun **2021** **£'000**	2020 £'000	Year ended 31 Mar 2021 £'000
On financial instruments measured at amortised cost:			
Senior Secured Notes	**6,166**	4,662	19,867
On financial instruments measured at fair value:			
Losses on derivative financial instruments (including interest accruals)	**7**	622	288
On other instruments:			
Other interest	**111**	117	457
	6,284	5,401	20,612

Notes to the Condensed Consolidated Financial Statements (continued)

for the three month period ended 30 June 2021

5 Tax on profit on ordinary activities

(a) Analysis of charge for the period:	3 months to 30 Jun **2021** **£'000**	2020 £'000	Year ended 31 Mar 2021 £'000
Current tax:			
UK corporation tax charge	**1,368**	1,922	7,176
Amounts payable for group tax relief	**518**	404	2,074
Foreign income tax	**10**	74	10
Foreign tax suffered	**17**	-	74
Double taxation credit	**(12)**	-	(49)
Amounts over provided in previous periods	**-**	-	(204)
	1,901	2,400	9,081
Deferred tax:			
Relating to origination and reversal of timing differences	**(7)**	63	339
Effect of change in deferred tax rates	**1,186**	-	-
Amounts over provided in previous periods	**-**	-	(144)
	1,179	63	195
Tax charge in the Group statement of comprehensive income	**3,080**	2,463	9,276
The tax charge in the Group statement of comprehensive income comprises:			
Tax on profit before adjusted items	**3,080**	2,080	9,120
Amounts over provided in previous periods before adjusted items	**-**	-	(549)
Amounts under provided in previous periods on adjusted items	**-**	**-**	201
Tax charge on adjusted items	**-**	383	504
Tax charge in the Group statement of comprehensive income	**3,080**	2,463	9,276

The 2021 Finance Bill was substantively enacted during the quarter ended 30 June 2021. The main rate of UK corporation tax will increase from 19% to 25% with effect from April 2023. As a result, the Group's deferred tax assets and liabilities have been re-measured using the revised 25% rate, resulting in an increase in the net liability of £1.2 million.

Notes to the Condensed Consolidated Financial Statements (continued)

for the three month period ended 30 June 2021

5 Tax on profit on ordinary activities (continued)

(b) Factors affecting taxation for the period:	3 months to 30 Jun 2021 £'000	2020 £'000	Year ended 31 Mar 2021 £'000
Profit before tax	**8,827**	11,731	43,010
Profit before tax multiplied by the standard rate of corporation tax in the UK of 19%	**1,677**	2,229	8,172
Adjustments in respect of:			
Corporation tax over provided in previous periods	**-**	-	(204)
Deferred tax over provided in previous periods	**-**	-	(144)
Non-allowable depreciation on buildings	**178**	207	691
Amortisation of goodwill	**27**	27	106
Other non-allowable expenses/(gains)	**5**	(17)	593
Double taxation relief	**(12)**	-	(49)
Overseas tax at different rates	**19**	17	111
Group tax relief	**(518)**	(404)	(2,074)
Amounts payable for group tax relief	**518**	404	2,074
Deferred tax - effect of taxation rate change	**1,186**	-	-
	3,080	2,463	9,276

(c) Deferred tax	3 months to 30 Jun 2021 £'000	2020 £'000	Year ended 31 Mar 2021 £'000
Deferred tax relates to the following			
Group comprehensive statement of income:			
Accelerated capital allowances	**(3)**	63	380
Short-term timing differences	**-**	-	(92)
Fair value adjustments arising on acquisitions	**(4)**	-	(93)
Effect of taxation rate change on opening balances	**1,186**	-	-
	1,179	63	195

Group statement of financial position	**At 1 Apr 2021 £'000**	**Charged to profit or loss £'000**	**Currency exchange £'000**	**At 30 Jun 2021 £'000**
Accelerated capital allowances	3,491	1,103	-	**4,594**
Short-term timing differences	(3)	-	-	**(3)**
Fair value adjustment arising on acquisitions	281	76	-	**357**
Net deferred tax liability	3,769	1,179	-	**4,948**

Notes to the Condensed Consolidated Financial Statements (continued)
for the three month period ended 30 June 2021

6 Interests in associates

	30 Jun 2021 £'000	30 Jun 2020 £'000	31 Mar 2021 £'000
Loan notes	**3,917**	4,453	3,841
Total investment in associates	**3,917**	4,453	3,841

At 30 June 2021, the Group had interests in the following associate:

Company name	Principal activity	Country of incorporation	% equity interest
PMBS Holding Limited	Holding company	United Kingdom	25%

7 Intangible assets

	Software £'000	**Goodwill £'000**	**Total £'000**
Cost			
At 31 March 2020	2,837	5,604	8,441
Additions	378	-	378
At 30 June 2020	3,215	5,604	8,819
Additions	758	-	758
At 31 March 2021	3,973	5,604	9,577
Additions	60	-	60
At 30 June 2021	**4,033**	**5,604**	**9,637**
Amortisation			
At 31 March 2020	-	2,803	2,803
Provided during the period	72	140	212
At 30 June 2020	72	2,943	3,015
Provided during the period	341	420	761
At 31 March 2021	413	3,363	3,776
Provided during the period	94	140	234
At 30 June 2021	**507**	**3,503**	**4,010**
Net book value			
At 30 June 2021	**3,526**	**2,101**	**5,627**
At 31 March 2021	3,560	2,241	5,801
At 30 June 2020	3,143	2,661	5,804
At 31 March 2020	2,837	2,801	5,638

Notes to the Condensed Consolidated Financial Statements (continued)
for the three month period ended 30 June 2021

8 Property, plant and equipment

	Freehold land and buildings £'000	Fixtures, fittings and equipment £'000	Assets under construction £'000	Total £'000
Cost				
At 31 March 2020	344,634	37,128	3,473	385,235
Additions	812	556	1,801	3,169
Disposals	(344)	(84)	-	(428)
Exchange movements	-	1	-	1
At 30 June 2020	345,102	37,601	5,274	387,977
Additions	8,222	1,149	21,318	30,689
Disposals	(3,453)	(840)	-	(4,293)
Exchange movements	-	(22)	-	(22)
At 31 March 2021	349,871	37,888	26,592	414,351
Additions	382	558	15,678	16,618
Exchange movements	-	1	-	1
At 30 June 2021	**350,253**	**38,447**	**42,270**	**430,970**
Depreciation				
At 31 March 2020	57,217	24,096	-	81,313
Provided during the period	1,879	696	-	2,575
Disposals	(258)	(83)	-	(341)
At 30 June 2020	58,838	24,709	-	83,547
Provided during the period	5,696	2,073	-	7,769
Disposals	(1,564)	(763)	-	(2,327)
Exchange movements	-	(8)	-	(8)
At 31 March 2021	62,970	26,011	-	88,981
Provided during the period	1,897	725	-	2,622
At 30 June 2021	**64,867**	**26,736**	**-**	**91,603**
Net book value				
At 30 June 2021	**285,386**	**11,711**	**42,270**	**339,367**
At 31 March 2021	286,901	11,877	26,592	325,370
At 30 June 2020	286,264	12,892	5,274	304,430
At 31 March 2020	287,417	13,032	3,473	303,922

As at 30 June 2021, assets under construction mainly comprises costs associated with the redevelopment of certain lettable space at Pinewood West and the development of land at Shepperton Studios. Assets under construction are not depreciated until the development is available for use.

9 Trade and other receivables

	30 Jun 2021 £'000	30 Jun 2020 £'000	31 Mar 2021 £'000
Amount falling due within one year:			
Trade receivables	**2,178**	4,520	2,260
Prepayments and other receivables	**3,361**	5,677	3,212
Corporation tax receivable	**879**	454	645
Value added tax	**1,786**	-	1,007
	8,204	10,651	7,124
Amount falling due after more than one year:			
Loans due from parent undertakings	**331,503**	320,422	328,733
	331,503	320,422	328,733
	339,707	331,073	335,857

Amounts due from the parent company are due for repayment in September 2025 and bear interest at 3.55% (2020: 3.55%).

10 Share capital

	30 Jun 2021	30 Jun 2020	31 Mar 2021
	£'000	£'000	£'000
57,409,926 Ordinary shares of 0.001p each	**1**	1	1

The Ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

11 Reserves

Translation reserve

The translation reserve represents the cumulative foreign currency impact of the translation of operations with a functional currency other than sterling, and related funding balances, in line with the Group's foreign currency accounting policy.

Retained earnings

Retained earnings represent cumulative profit and loss net of distributions to owners.

12 Interest bearing loans and borrowings

	Maturity	**30 Jun 2021**	30 Jun 2020	31 Mar 2021
		£'000	£'000	£'000
Non-current borrowings:				
Revolving credit facility	March 2025	**-**	-	-
3.25% Senior Secured Notes	September 2025	**753,764**	549,148	747,655
Non-current drawn loan facilities		**753,764**	549,148	747,655

In January 2021, the Group issued £200.0 million aggregate principal amount of Senior Secured Notes under the same terms and conditions as the Group's outstanding 3.25% Senior Secured Notes due 2025. Including premium and accrued interest, the Group received gross proceeds of £206.6 million. This issue brings the total aggregate principal amount issued under the indenture to £750.0 million, which is presented as a single financial instrument.

Directly attributable costs of £6.0 million and £2.1 million were recognised at the inception of the £550.0 million and £200.0 million 3.25% Senior Secured Notes respectively. Directly attributable costs are being amortised, along with premiums received, as part of the effective interest rate method in accordance with the Group's accounting policy. In addition, presented within trade and other receivables are costs incurred of £0.4 million (2020: £0.5 million) associated with the arrangement of the revolving credit facility. These costs are being amortised on a straight-line basis.

These facilities are secured on certain of the principal assets of the Group.

12 Interest bearing loans and borrowings (continued)

The available drawn and undrawn committed facilities are as follows.

At 30 June 2021	Within 1 year £'000	2 – 5 years £'000	5+ years £'000	Total £'000
Facilities:				
Revolving credit facility	-	50,000	-	50,000
Loan notes	-	750,000	-	750,000
Total facilities	**-**	**800,000**	**-**	**800,000**
Drawn loans:				
Revolving credit facility	-	-	-	-
Loan notes	-	(750,000)	-	(750,000)
Total drawn loans	**-**	**(750,000)**	**-**	**(750,000)**
Undrawn facilities:				
Revolving credit facility	-	50,000	-	50,000
Loan notes	-	-	-	-
Undrawn committed facilities	**-**	**50,000**	**-**	**50,000**

At 30 June 2020	Within 1 year £'000	2 – 5 years £'000	5+ years £'000	Total £'000
Facilities:				
Revolving credit facility	-	50,000	-	50,000
Loan notes	-	-	550,000	550,000
Total facilities	-	50,000	550,000	600,000
Drawn loans:				
Revolving credit facility	-	-	-	-
Loan notes	-	-	(550,000)	(550,000)
Total drawn loans	-	-	(550,000)	(550,000)
Undrawn facilities:				
Revolving credit facility	-	50,000	-	50,000
Loan notes	-	-	-	-
Undrawn committed facilities	-	50,000	-	50,000

13 Derivative financial instruments

The Group's interest rate swaps are recognised as derivative financial instruments.

	30 Jun 2021	30 Jun 2020	31 Mar 2021
	£'000	£'000	£'000
Financial liabilities carried at fair value:			
Non-current derivative financial instrument liabilities	**1,851**	3,176	2,095
	1,851	3,176	2,095

Interest rate swaps

To minimise the volatility in cash flows from a change in LIBOR, the Group holds interest rate swaps as economic hedges against undrawn debt obligations. The main terms of the Group's interest rate swaps, including the notional amounts, are detailed below.

Effective interest rate %	**Maturity**	**30 June 2021**	30 Jun 2020	31 Mar 2021
		£'000	£'000	£'000
2.00% + variable margin	April 2025	**25,000**	25,000	25,000
2.16% + variable margin	April 2022	**25,000**	25,000	25,000
		50,000	50,000	50,000

Fair value movements on interest rate swaps are recognised in the statement of comprehensive income within interest payable and receivable. The swaps settle in cash on a quarterly basis.

The fair value of the swaps is determined by reference to market interest rate curves.

14 Trade and other payables

	30 Jun 2021	30 Jun 2020	31 Mar 2021
	£'000	£'000	£'000
Trade payables	**2,597**	5,543	2,803
Trade payables - Film production companies	**-**	73	-
Value added tax	**-**	3,060	-
Other payables	**617**	904	981
Accruals and deferred income	**30,042**	32,473	43,379
Amounts due to parent company	**8,259**	6,089	7,741
Capital expenditure related payables	**14,687**	9,204	11,866
Deferred royalty	**-**	623	-
	56,202	57,969	66,770

Amounts due to the parent company are interest free and have no fixed repayment terms.

No fixed security has been given in respect of any of the items listed above.

At 30 June 2021, the Group had total capital commitments contracted for, but not provided in the financial statements, of £28.9 million (2020: £0.1 million) in respect of property, plant and equipment arising from the redevelopment of Pinewood West and the expansion of Shepperton Studios.

Notes to the Condensed Consolidated Financial Statements (continued)

for the three month period ended 30 June 2021

15 Events after the reporting date

No significant events have occurred after the reporting date.

16 Principal risks and uncertainties

There are no significant changes to the principal risks and uncertainties disclosed in the consolidated financial statements of Pinewood Group Limited which are publicly available from Companies House.