Pinewood Group Limited

Report as at and for

the 3 months to

30 June 2022

First quarter highlights

Operational and industry highlights

- The BFI reported that the combined UK film and high-end television ("HETV") production spend for H1 CY22 was £3.2 billion from 191 productions; the highest combined spend for a H1 on record and up by c. 6% on H1 CY21. The annual spend to June 2022 was £5.7 billion, up 3% year-on-year
- The UK studios continued to be busy during the quarter and the Post-production business performed strongly. Currently, there are 13 productions at the studios of which 6 are shooting
- Revenue up by 15% to £28.1 million (Q1 FY22: £24.4 million) and gross profit up by 9% to £16.1 million (Q1 FY22: £14.8 million)
- Adjusted EBITDA up 16% to £17.3 million (Q1 FY22: £14.9 million)

Strategic highlights

Solid progress continues to be made with our expansion programme, and all production accommodation currently under construction is pre-let under long-term arrangements with Disney, Netflix and Prime Video (Amazon):

- Pinewood West real estate optimisation ("REO"): construction of five new stages, pre-let to Disney, with completion and handover to Disney expected in late summer
- Shepperton North West: the project will deliver three sound stages and other production accommodation (c. 165k sq ft total area) together with a six-acre backlot. Construction is progressing well, with roofing and cladding commenced; completion expected summer CY23
- Shepperton South: the project will deliver 14 sound stages and other production accommodation (c. 800k sq ft total area). Groundworks are substantially complete, and main construction is progressing with steelwork underway; completion expected H2 CY23

Future pipeline: new opportunities continue to be explored and progressed across our estate:

- Pinewood East Phase 3: the last phase of development at Pinewood East which currently has planning permission for 4 new sound stages (c. 150k sq ft total area). Revising detailed design before submitting a revised planning application later this year
- Pinewood South: outline planning permission received to develop a 750k sq ft Screen Hub. A revised planning application was submitted in July for a scheme comprising 1.4 million sq ft of production accommodation and an education/business hub and a nature reserve on land owned by the Group to the north of Pinewood Studios

Financial highlights

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

	3 months ended 30 Jun 2022 £'000	3 months ended 30 Jun 2021 £'000
Turnover	28,066	24,446
Adjusted EBITDA	17,288	14,950
Adjusted EBITDA margin	61.6%	61.2%
Cash generated from operations	(2,379)	514
Capital expenditure*	(49,522)	(13,838)
Adjusted net debt	(582,017)	(467,897)

Turnover

Turnover rose by 15% to £28.1 million in Q1 FY23 (Q1 FY22: £24.4 million), with 8ppt of the increase being delivered by the underlying business and the remaining 7ppt due to the sharp rise in global energy prices and customer consumption charged principally under the two long-term contracts at cost. The Post-production business performed strongly, continuing its trend of H2 FY22, and UK studios delivered income from its production accommodation, which is let under the long-term contracts, and with amounts billed linked to inflation and escalating over the course of the contract.

Adjusted EBITDA

Adjusted EBITDA increased by c. 16% to £17.3 million (Q1 FY22: £14.9 million). Post-production supported half of this growth with the business continuing to benefit from increased demand for its international versioning services. UK studios also remained busy in the quarter, with productions on site building sets and shooting. Through the quarter, the annual indexation provisions within the long-term contracts have largely supported the inflationary cost increases to date.

Our associate company (PMBS Holdings Ltd, "PMBS") delivered positive results from providing lighting services to productions in the quarter, and our share of results in the period totalled £0.8 million (Q1 FY22: £nil).

Finally, the prior year period was impacted by a one-off charge when the Board elected to repay £0.5 million received under the Government's Coronavirus Job Retention Scheme ("CJRS").

The adjusted EBITDA margin of 61.6% was broadly level with a margin of 61.2% in the same period last year. Whilst the recent energy price increases have had only a limited impact on adjusted EBITDA, the effect on adjusted EBITDA margin has been a more notable 4.0ppt reduction in Q1 FY23 due to the resulting increase in low margin revenues.

The adjusted EBITDA margin for Q1 FY23 was supported by our share of results from PMBS, and Q1 FY22 margin was reduced by the repayment of CJRS monies. Excluding both these impacts and holding Q1 FY23 energy revenues at the prior period level, would have resulted in an EBITDA margin of around 63% in both periods.

Reconciliation of profit after taxation to adjusted EBITDA

	3 months ended 30 Jun 2022 £'000	**3 months ended 30 Jun 2021 £'000**
Profit after taxation	7,086	5,747
Tax charge on profit	2,040	3,080
Net interest payable and other charges	5,455	3,286
Depreciation of property, plant and equipment	2,470	2,622
Amortisation of intangible assets	237	234
Profit on disposal of property, plant & equipment and investments	-	(19)
EBITDA	**17,288**	**14,950**
Adjusted items	-	-
Adjusted EBITDA	**17,288**	**14,950**

Cash flow and capital expenditure

The cash and cash equivalents balance at 30 June 2022 was £402.9 million, having reduced due to a cash outflow of £81.8 million from £484.5 million since the start of the financial year, slightly offset by a small foreign exchange gain.

The decrease in cash during the period, was due to the Group consuming £7.3 million through its operating activities, after interest and tax payments, and investing £49.5 million in capital expenditure* in the period, predominantly in relation to the expansion programmes at Pinewood and Shepperton studios. Additionally, the Group placed a further £25.0 million of funds into bank accounts which require advance notice of withdrawal, bringing the total invested in these products to £65.0 million. Due to their tenure, these deposits are shown separately from cash and cash equivalents on the balance sheet, in accordance with FRS102.

Adjusted Net debt and liquidity

Adjusted net debt on 30 June 2022 was £582.0 million, based on £1,050.0 million of senior secured notes, and cash and cash equivalents and bank deposits totalling £468.0 million. Cash, cash equivalents and bank deposits are held with several banks which are rated by the rating agencies at upper medium or better; the Group does not invest in money market funds.

Adjusted net debt on 31 March 2022 was £525.5 million, based on £1,050.0 million of senior secured notes, a cash and cash equivalents balance of £484.5 million and bank deposits £40.0 million.

Adjusted net debt comprises the senior secured notes principal amount (thereby ignoring interest accruals, capitalised issue fees paid and premiums received), net of cash and cash equivalents and deposits of tenure no more than one year, as detailed below.

	30 Jun 2022 £'000	**31 Mar 2022 £'000**
Senior secured note principal amount	1,050,000	1,050,000
Less:		
Cash and cash equivalents	(402,934)	(484,458)
Deposits with tenure less than 1 year	(65,049)	(40,017)
Adjusted net debt	**582,017**	**525,525**

Paul Golding, CEO, commented:

“We have seen a good start to the financial year, with the studios remaining busy and trends from the second half of last year continuing into the first quarter of this year.

Following feedback from various stakeholders, we decided to try to amend the planning permission we have for Pinewood South, the 80 acres we own adjacent to the existing studios. We have recently submitted a new application, which if approved would allow us to build 1.4 million square feet (GEA) of production accommodation whilst also providing a nature reserve that would be available for public use. We expect the local authority to consider the application later this year.”

The next Investor update is scheduled for 9 November 2022.

Footnotes applicable to this announcement:

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

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 and Shepperton preferred choices for major film production companies. Pinewood branded studios have hosted over 2,500 films, among them 172 Oscar winners, 234 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 2022 ("Q1 FY23"), and the comparative period as of and for the 3 months ended 30 June 2021 ("Q1 FY22"), prepared in accordance with FRS 104: "Interim Financial Reporting".
- The audited consolidated financial information of the Group as of and for the year ended 31 March 2022 ("FY22"), and the comparative period as of and for the year ended 31 March 2021 ("FY21"), prepared in accordance with FRS 102: "The Financial Reporting Standard Applicable in the UK and Republic of Ireland". 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 and the indenture dated 2 December 2021 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 principal paying agent and Deutsche Bank Luxembourg S.A. as transfer agent and registrar.

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-GAAP 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 and deposits where the tenure on the deposit accounts are equal to or less than one year.

Financial update for the 3 months ended 30 June 2022

Group Statement of Comprehensive Income

Turnover

Group revenue, at £28.1 million, increased by £3.7 million since prior year period (Q1 FY22: £24.4 million). This improvement was generated across both the UK studios and Post-production businesses. The International business performed in-line with the prior year period, and income continued to be generated from our two agreements with studios in Toronto and the Dominican Republic.

Following strong performance in the second half of FY22, Post-production continued to deliver high levels of foreign language versioning in Q1 FY23, and the mixing and recording theatres attracted a greater level of usage by third parties. The UK studios continued to be busy in the quarter, following the trend of FY22. However, following the sharp increase in global energy prices in 2022, ancillary studio services income increased this quarter, with the utilities being recharged to our customers under the two long-term contracts at cost.

The UK studios production accommodation is let to our key customers under long-term contracts, with the contracts containing annual indexation provisions. As a result of the indexation provisions, our billings and revenues have increased since Q1 FY22. Additionally, and in accordance with UK GAAP, some of these provisions result in certain revenue being recognised on a straight-line basis over the initial term, rather than increasing each year. Consequently, in this respect, revenue was adjusted upwards by £0.5 million compared with the contractual amounts due, which is slightly lower than the £0.7 million upwards adjustment recognised in the comparative period.

Cost of sales

Cost of sales expenditure increased by £2.3 million to £12.0 million (Q1 FY22: £9.7 million). This increase is mainly due to the sharp rise in global energy prices, which impacted the procurement of our energy contracts at the start of the financial year. Smaller increases were seen in costs incurred to maintain and operate the sites, with a one-off catch up planned for later during FY23 following the end of the pandemic-related measures, and an increase in insurance costs due to the five new stages at Pinewood being brought into the insurance portfolio and a general tightening of conditions in the insurance market.

Gross profit

Gross profit at £16.1 million was £1.3 million higher than the prior year period (Q1 FY22: £14.8 million). However, due to the spike in energy prices having increased the Group's revenues, albeit only slightly impacting gross profit, the gross profit margin reduced by 3.2 ppt to 57.2% (Q1 FY22: 60.4%). Holding customer-related energy revenues level with Q1 FY22, the gross profit margin in Q1 FY23 would have been 0.5ppt higher than the prior year period rather than 3.2ppt lower.

Selling, distribution and administrative expenses

Selling, distribution and administrative expenses, together totalling £2.2 million, remained level with Q1 FY22 (Q1 FY22: £2.2 million).

Other operating income/expenses

Other operating expenses saw an improvement of £0.5 million since the prior year period (Q1 FY22: £0.5 million expense), with the repayment last year of £0.5 million of funds granted under the CJRS.

Operating profit

Operating profit of £13.8 million (Q1 FY22: £12.1 million) improved by £1.7 million from the prior year period. The resultant operating profit margin of 49.2% (Q1 FY22: 49.6%) was adversely impacted by the higher energy revenues, albeit leaving the operating profit only slightly impacted. Holding customer related energy revenues level with that of Q1 FY22 would have improved the Q1 FY23 operating profit margin by 3.2ppt to 52.4%.

Financial update for the 3 months ended 30 June 2022 (continued)

Group Statement of Comprehensive Income (continued)

Income from participating interests

Our associate company, PMBS, which has an exclusive lighting contract at the UK studios, continues to benefit from the high levels of content production. As a result, income from participating interests has been recognised at £0.8 million (Q1 FY22: £nil), which has increased the carrying value of the Group's equity interest in PMBS to £2.7 million at 30 June 2022.

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 £3.7 million (Q1 FY22: £3.0 million). The improvement from the prior year period followed an increase in bank and other interest income of £0.4 million and £0.3 million fair value gain on the Group's derivative financial instruments.

Interest payable and similar charges

Interest payable and similar charges increased by £2.9 million to £9.2 million (Q1 FY22: £6.3 million). This increase followed the issue of £300.0 million of 3.625% senior secured notes due November 2027 in December 2021, with interest paid to investors in May 2022.

Tax charge

The Group closed the period with profit before tax of £9.1 million (Q1 FY22: £8.8 million), which is an improvement of 3.4%. However, the tax charge decreased by £1.1 million to £2.0 million (Q1 FY22: £3.1 million) and the effective tax rate in the period was 22.4% (Q1 FY22: 34.9%). As a result, the profit after tax for the period was £7.1 million, which was 23% higher than the prior year period (Q1 FY22: £5.7 million).

The high effective tax rate in FY22 is largely due to the main rate of UK corporation tax increasing from 19% to 25% from 1 April 2023 as determined by the Finance Act 2021; the rates were incorporated in the Group's deferred tax position in Q1 FY22 when the Bill was substantively enacted, so increasing the effective rate for the quarter by 13.4ppt.

Liquidity and capital resources

Cash flow

The cash and cash equivalents balance at 30 June 2022 was £402.9 million, having decreased by a cash outflow of £81.8 million from £484.5 million since the start of the financial year, slightly offset by a small foreign exchange gain.

The Group consumed £7.3 million of cash from its operations after interest and tax payments and spent £49.5 million on capital expenditure*, which related predominantly to the Group's expansion programmes at Pinewood and Shepperton studios. The Group placed a further £25.0 million of funds into bank accounts which require advance notice of withdrawal, bringing the total balance of funds in these accounts to £65.0 million. Due to their tenure, these deposits are shown separately from cash and cash equivalents on the balance sheet, in accordance with FRS102.

Financial update for the 3 months ended 30 June 2022 (continued)

Liquidity and capital resources (continued)

Net cash flow from operating activities

The Group consumed £5.8 million more cash through operating activities after interest and tax than during the prior year period, with an outflow of £7.3 million (Q1 FY22: £1.5 million outflow). This period-on-period change is due to the following factors:

i. A £1.6 million improvement in cash flow from operating activities before movement in working capital to £16.5 million (Q1 FY22: £14.9 million), due to the £1.7 million improvement in operating profit as described above, excluding depreciation charges.
ii. An outflow from changes in working capital of £18.9 million in Q1 FY23 (Q1 FY22: £14.4 million outflow) which represents a £4.5 million higher outflow of working capital in the year, following a slightly higher level of trade receivables, prepayments and accrued income.
iii. A £4.4 million increase in net interest payments, following the issue of £300.0 million of 3.625% senior secured notes in December 2021, with interest paid to investors in May 2022, slightly offset by higher levels of bank interest received.
iv. A £1.5 million reduction in income tax paid, as the Group anticipates claiming capital allowances in relation to the ongoing studio expansion programme, which is expected to substantially offset UK taxable profits for FY23. Tax remains payable in the year, to the relevant tax jurisdictions, for our International business.

Net cash flow from investing activities

Net cash outflow from investing activities totalled £74.5 million (Q1 FY22: £13.8 million), with £49.5 million of the spend in Q1 FY23 largely attributable the Group's expansion programmes at Pinewood and Shepperton studios. Further, the Group placed £25.0 million of cash on short-term deposit (Q1 FY22: £nil) as part of its treasury management programme to optimise the security of and the return from funds pending capital investment.

In the same period last year, expenditure of £13.8 million related to the construction of the new stages at Pinewood West, enabling works at Shepperton North West and the design of the Shepperton South expansion.

Net cash flow from financing activities

Net cash flow from financing activities was £nil (Q1 FY22: £0.1 million outflow).

Pinewood Group Limited

Interim condensed consolidated financial statements

Period ended 30 June 2022

Company Registration Number: 03889552

Group Statement of Comprehensive Income

for the three month period ended 30 June 2022

		3 months ended 30 Jun 2022			3 months ended 30 Jun 2021			Full year 31 Mar 2022
		Adjusted	**Adjusted items**	**Total**	Adjusted	Adjusted items	Total	Total
	Note	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Turnover		**28,066**	**-**	**28,066**	24,446	-	24,446	102,926
Cost of sales		**(12,013)**	**-**	**(12,013)**	(9,673)	-	(9,673)	(39,333)
Gross profit		**16,053**	**-**	**16,053**	14,773	-	14,773	63,593
Selling and distribution costs		**(262)**	**-**	**(262)**	(207)	-	(207)	(796)
Administrative expenses		**(1,987)**	**-**	**(1,987)**	(1,949)	-	(1,949)	(7,292)
Other operating income/(expense)		**8**	**-**	**8**	(504)	-	(504)	(446)
Operating profit	2	**13,812**	**-**	**13,812**	12,113	-	12,113	55,059
Income from participating interests	6	**769**	**-**	**769**	-	-	-	1,953
Interest receivable and similar income	3	**3,701**	**-**	**3,701**	2,998	-	2,998	13,103
Interest payable and similar charges	4	**(9,156)**	**-**	**(9,156)**	(6,284)	-	(6,284)	(29,000)
Profit before taxation		**9,126**	**-**	**9,126**	8,827	-	8,827	41,115
Tax charge	5	**(2,040)**	**-**	**(2,040)**	(3,080)	-	(3,080)	(9,770)
Profit after taxation attributable to equity shareholders		**7,086**	**-**	**7,086**	5,747	-	5,747	31,345
Other comprehensive income								
Currency exchange differences		**294**	**-**	**294**	17	-	17	294
Total comprehensive income		**7,380**	**-**	**7,380**	5,764	-	5,764	31,639

The notes on pages 13 to 22 form part of these financial statements.

Group Statement of Financial Position
as at 30 June 2022

	Note	**30 Jun 2022 £'000**	30 Jun 2021 £'000	31 Mar 2022 £'000
Assets				
Non-current assets				
Intangible assets	7	**4,663**	5,627	4,889
Property, plant and equipment	8	**481,270**	339,367	420,050
Interests in associates	6	**6,958**	3,917	6,108
Derivative financial instruments	14	**424**	-	8
Trade and other receivables	9	**342,583**	331,503	339,813
		835,898	680,414	770,868
Current assets				
Inventories		**95**	43	46
Trade and other receivables	9	**26,497**	8,204	27,473
Deposits	10	**65,049**	-	40,017
Cash and cash equivalents		**402,934**	282,103	484,458
		494,575	290,350	551,994
Total assets		**1,330,473**	970,764	1,322,862
Equity and liabilities				
Share capital	11	**1**	1	1
Translation reserve	12	**2,283**	1,617	1,989
Retained earnings	12	**184,970**	152,381	177,884
Total equity		**187,254**	153,999	179,874
Non-current liabilities				
Interest bearing loans and borrowings	13	**1,045,715**	753,764	1,045,539
Derivative financial instruments	14	**-**	1,851	-
Deferred tax liabilities		**7,502**	4,948	5,487
		1,053,217	760,563	1,051,026
Current liabilities				
Interest bearing loans and borrowings	13	**7,482**	-	3,564
Derivative financial instruments	14	**-**	-	125
Trade and other payables	15	**82,520**	56,202	88,273
		90,002	56,202	91,962
Total liabilities		**1,143,219**	816,765	1,142,988
Total equity and liabilities		**1,330,473**	970,764	1,322,862

Group Statement of Cash Flows

for the three month period ended 30 June 2022

	Note	3 months ended 30 Jun **2022** **£'000**	2021 £'000	Year ended 31 Mar 2022 £'000
Cash flow from operating activities:				
Profit before taxation		**9,126**	8,827	41,115
Adjustments to reconcile profit before taxation to net cash flows:				
Depreciation and amortisation	2	**2,707**	2,856	11,203
Profit on disposal of investments	2	**-**	(19)	(141)
Loss on disposal of property, plant and equipment	2	**-**	-	75
Income from participating interests	6	**(769)**	-	(1,953)
Unrealised foreign exchange loss		**1**	-	-
Interest receivable and similar income	3	**(3,701)**	(2,998)	(13,103)
Interest payable and similar charges	4	**9,156**	6,284	29,000
Cash flow from operating activities before changes in working capital		**16,520**	14,950	66,196
Increase in trade and other receivables		**(4,544)**	(943)	(8,237)
(Increase)/decrease in inventories		**(49)**	16	13
(Decrease)/increase in trade and other payables		**(14,306)**	(13,509)	2,608
Cash generated from operations		**(2,379)**	514	60,580
Interest paid		**(5,297)**	(575)	(25,642)
Interest received		**448**	153	479
Net income tax paid		**(69)**	(1,617)	(5,436)
Net cash flow from operating activities		**(7,297)**	(1,525)	29,981
Cash flow (used in)/from investing activities:				
Purchase of property, plant and equipment		**(49,519)**	(13,787)	(100,059)
Purchase of intangible assets		**(3)**	(70)	(86)
Proceeds from disposal of investments		**-**	19	141
Amounts placed on deposit		**(25,000)**	-	(40,000)
Net cash flow used in investing activities		**(74,522)**	(13,838)	(140,004)
Cash flow from/(used in) financing activities:				
Proceeds from issue of loan notes		**-**	-	300,000
Payment of loan issue costs and finance arrangement fees		**-**	(147)	(3,379)
Net cash flow from financing activities		**-**	(147)	296,621
Net (decrease)/increase in cash and cash equivalents		**(81,819)**	(15,510)	186,598
Currency exchange movement		**295**	17	264
Cash and cash equivalents at the start of the period		**484,458**	297,596	297,596
Cash and cash equivalents at the end of the period		**402,934**	282,103	484,458

Reconciliation of Movement in Net Debt
for the three month period ended 30 June 2022

	3 months ended 30 Jun		Year ended
	2022	2021	31 Mar 2022
	£'000	£'000	£'000
Net (decrease)/increase in cash and cash equivalents	**(81,819)**	(15,510)	186,598
Currency exchange movement	**295**	17	264
Payment of interest on loan notes	**4,886**	-	24,375
Proceeds from issue of loan notes	**-**	-	(300,000)
Payment of loan issue costs and finance arrangement fees	**-**	147	3,379
Movement in loan issue costs accrued	**-**	(90)	(90)
Loan arrangement costs recognised within other receivables	**-**	-	(597)
Interest expense on loan notes	**(8,980)**	(6,166)	(28,515)
Movement in net debt	**(85,618)**	(21,602)	(114,586)
Net debt at the start of the period	**(564,645)**	(450,059)	(450,059)
Net debt at the end of the period	**(650,263)**	(471,661)	(564,645)
Net debt at the end of the period excluding restricted cash	**(651,951)**	(473,415)	(566,400)

Group Statement of Changes in Equity
for the three month period ended 30 June 2022

	Share capital £'000	**Translation reserve £'000**	**Retained earnings £'000**	**Total Equity £'000**
At 01 April 2022	**1**	**1,989**	**177,884**	**179,874**
Profit for the period	**-**	**-**	**7,086**	**7,086**
Currency exchange differences	**-**	**294**	**-**	**294**
Total comprehensive income for the period	**-**	**294**	**7,086**	**7,380**
At 30 June 2022	**1**	**2,283**	**184,970**	**187,254**
At 01 April 2021	1	1,600	146,634	148,235
Profit for the year	-	-	31,345	31,345
Currency exchange differences	-	294	-	294
Total comprehensive income for the year	-	294	31,345	31,639
Transfer in respect of dissolved foreign entities	-	95	(95)	-
Shares issued and allotted as bonus shares	226,000	-	(226,000)	-
Cancellation of bonus shares	(226,000)	-	226,000	-
At 31 March 2022	1	1,989	177,884	179,874
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

Notes to the Condensed Consolidated Financial Statements

for the three month period ended 30 June 2022

1. Accounting convention, significant judgements and key sources of estimation uncertainty

These financial statements have been prepared under FRS 104 'Interim Financial Reporting' and under the historic cost convention, modified to include certain financial instruments at fair value.

The principal accounting policies are stated in the annual consolidated financial statements of Pinewood Group Limited for the year ended 31 March 2022 which were prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The same accounting policies and methods of computation are followed in these interim financial statements and the accounting policies have been applied consistently throughout the periods presented.

There have been no changes to the Group's significant judgements as described in the annual consolidated financial statements for the year ended 31 March 2022. There have been no significant changes to the key sources of estimation uncertainty described in those financial statements.

Where it has been presented, the information for the year ended 31 March 2022 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

Going concern

In assessing the going concern basis, the Directors considered the Group's business activities, the financial position of the Group and the Group's financial risk management objectives and policies. The Group meets its day-to-day operating requirements through its cash resources and operating cashflows. There are no material uncertainties relating to events or conditions that may cast doubt on the ability of the Group to continue as a going concern for a period of at least twelve months from the date of approval of these financial statements, the Group therefore continues to adopt the going concern basis of accounting in preparing the financial statements.

Seasonality of operations

The nature of the Group's revenue streams means that there is very little seasonal variability in results.

Turnover and segment information

The Group identifies its operating segments based on a combination of factors, including the nature and type of service provided and differences in regulatory environment. Operating segments are aggregated where there is a high degree of consistency across these factors, and the segments have similar economic characteristics. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Group has only one reportable segment involving the provision of studio and related services to the film, television and wider creative industries. All turnover, expenses, corporate activities and non-current assets can be assigned to this segment.

2. Operating profit

Operating profit is stated after charging/(crediting):	3 months ended 30 Jun **2022** **£'000**	2021 £'000	Year ended 31 Mar 2022 £'000
Depreciation of property, plant and equipment	**2,470**	2,622	10,257
Loss on disposal of property, plant and equipment	**-**	-	75
Operating lease payments	**462**	326	1,271
Profit on disposal of investments	**-**	(19)	(141)
Net Government grants (received)/returned	**(8)**	527	470
Amortisation of software	**97**	94	386
Amortisation of goodwill	**140**	140	560
Net foreign exchange (gains)/losses	**(4)**	4	7

Government grants in the prior year relate mainly to the UK's Coronavirus Job Retention Scheme, and are presented within other operating income/expenses. During the year ended 31 March 2022, in light of the positive result achieved in the previous year, the Group repaid an element of this support related to retained employees.

Depreciation charges are included within cost of sales. Amortisation of intangible assets is included within administrative expenses. Profits and losses on disposal are included within other operating income/expenses.

3. Interest receivable and similar income

	3 months ended 30 Jun **2022** **£'000**	2021 £'000	Year ended 31 Mar 2022 £'000
On financial assets measured at amortised cost:			
Interest receivable from associates	**81**	76	314
Interest receivable on loan due from parent undertaking	**2,770**	2,770	11,080
Bank interest receivable	**480**	44	384
Other interest receivable	**44**	108	111
	3,375	2,998	11,889
On financial instruments measured at fair value:			
Gains on derivative financial instruments (including interest accruals)	**326**	-	1,214
	326	-	1,214
	3,701	2,998	13,103

Notes to the Condensed Consolidated Financial Statements (continued)

for the three month period ended 30 June 2022

4. Interest payable and similar charges

	3 months ended 30 Jun **2022** **£'000**	3 months ended 30 Jun 2021 £'000	Year ended 31 Mar 2022 £'000
On financial instruments measured at amortised cost:			
Senior secured notes	**8,980**	6,166	28,515
On financial instruments measured at fair value:			
Losses on derivative financial instruments (including interest accruals)	**-**	7	-
On other instruments:			
Other interest	**176**	111	485
	9,156	6,284	29,000

5. Taxation

(a) Analysis of charge for the period:	3 months to 30 Jun **2022** **£'000**	3 months to 30 Jun 2021 £'000	Year ended 31 Mar 2022 £'000
Current tax:			
UK corporation tax charge	**12**	1,368	6,037
Amounts payable for group tax relief	**-**	518	2,096
Foreign income tax	**6**	10	37
Foreign tax suffered	**18**	17	68
Double taxation credit	**(12)**	(12)	(46)
Amounts over provided in previous periods	**-**	-	(140)
	24	1,901	8,052
Deferred tax:			
Relating to origination and reversal of timing differences	**2,016**	(7)	420
Effect of change in deferred tax rates on opening balances	**-**	1,186	1,186
Amounts under provided in previous periods	**-**	-	112
	2,016	1,179	1,718
Tax charge in the Group statement of comprehensive income	**2,040**	3,080	9,770

The tax charge for the period has been calculated based on an estimate of the annual effective tax rate expected for the full financial year applied to the period's pre-tax accounting profits.

6. Interests in associates

	30 Jun 2022 £'000	30 Jun 2021 £'000	31 Mar 2022 £'000
Equity	**2,722**	-	1,953
Loan notes	**4,236**	3,917	4,155
Total investment in associates	**6,958**	3,917	6,108

The carrying value of the Group's equity investment in its associate was as follows:

	30 Jun 2022 £'000	30 Jun 2021 £'000	31 Mar 2022 £'000
At beginning of period	**1,953**	-	-
Share of profit	**769**	-	1,953
At end of period	**2,722**	-	1,953

At 30 June 2022, 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 2021	3,973	5,604	9,577
Additions	60	-	60
At 30 June 2021	4,033	5,604	9,637
Adjustments	(26)	-	(26)
At 31 March 2022	4,007	5,604	9,611
Additions	11	-	11
At 30 June 2022	**4,018**	**5,604**	**9,622**
Amortisation			
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
Provided during the period	292	420	712
At 31 March 2022	799	3,923	4,722
Provided during the period	97	140	237
At 30 June 2022	**896**	**4,063**	**4,959**
Net book value			
At 30 June 2022	**3,122**	**1,541**	**4,663**
At 31 March 2022	3,208	1,681	4,889
At 30 June 2021	3,526	2,101	5,627
At 31 March 2021	3,560	2,241	5,801

Notes to the Condensed Consolidated Financial Statements (continued)
for the three month period ended 30 June 2022

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 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
Additions	7,800	1,434	80,202	89,436
Disposals	(890)	(2,125)	-	(3,015)
Exchange movements	-	8	-	8
At 31 March 2022	357,163	37,764	122,472	517,399
Additions	78	449	63,163	63,690
Exchange movements	-	13	-	13
At 30 June 2022	**357,241**	**38,226**	**185,635**	**581,102**
Depreciation				
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
Provided during the period	5,668	1,967	-	7,635
Disposals	(176)	(1,722)	-	(1,898)
Exchange movements	-	9	-	9
At 31 March 2022	70,359	26,990	-	97,349
Provided during the period	1,876	594	-	2,470
Exchange movements	-	13	-	13
At 30 June 2022	**72,235**	**27,597**	**-**	**99,832**
Net book value				
At 30 June 2022	**285,006**	**10,629**	**185,635**	**481,270**
At 31 March 2022	286,804	10,774	122,472	420,050
At 30 June 2021	285,386	11,711	42,270	339,367
At 31 March 2021	286,901	11,877	26,592	325,370

As at 30 June 2022, 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 June 2022 £'000	30 June 2021 £'000	31 Mar 2022 £'000
Amount falling due within one year:			
Trade receivables	**4,622**	2,178	2,667
Prepayments and other receivables	**15,710**	3,361	17,641
Corporation tax receivable	**338**	879	287
Value added tax	**5,827**	1,786	6,878
	26,497	8,204	27,473
Amount falling due after more than one year:			
Loans due from parent undertakings	**342,583**	331,503	339,813
	342,583	331,503	339,813
	369,080	339,707	367,286

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

10. Deposits

	30 Jun 2022	30 Jun 2021	31 Mar 2022
	£'000	£'000	£'000
Deposits	**65,049**	-	40,017

Deposits comprise balances held in interest-bearing accounts that require advance notice of withdrawal.

11. Share capital

	30 Jun 2022	30 Jun 2021	31 Mar 2022
	£'000	£'000	£'000
1,000 Ordinary shares of £1 each (30 June 2021: 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.

In March 2022, as part of a wider review of equity reserves across the Group, Pinewood Group Limited issued and subsequently reduced share capital by an amount of £226 million. The nominal value of each share was revised to £1.

12. 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.

13. Interest bearing loans and borrowings

Details of the carrying values of liabilities under the Group's borrowing facilities are shown below.

	Maturity	30 Jun 2022	30 Jun 2021	31 Mar 2022
		£'000	£'000	£'000
Non-current borrowings:				
Revolving credit facility	March 2025/May 2027	**-**	-	-
3.25% senior secured notes	September 2025	**748,138**	753,764	748,058
3.625% senior secured notes	November 2027	**297,577**	-	297,481
Non-current drawn loan facilities		**1,045,715**	**753,764**	**1,045,539**
Current borrowings				
Senior secured notes interest accruals		**7,482**	-	3,564
Current drawn loan facilities		**7,482**	-	3,564
Total Borrowings				
Senior secured notes		**1,045,715**	753,764	1,045,539
Senior secured notes interest accruals		**7,482**	-	3,564
		1,053,197	753,764	1,049,103

If drawn, the revolving credit facility bears interest at SONIA plus a variable margin.

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

The senior secured notes due September 2025 total an aggregate principal amount of £750 million, with coupon interest of 3.25% payable in March and September. The senior secured notes due November 2027 total an aggregate principal amount of £300 million, with coupon interest of 3.625% payable in May and November.

13. Interest bearing loans and borrowings (continued)

The available drawn and undrawn committed facilities are as follows.

At 30 June 2022	Within 1 year £'000	2 – 5 years £'000	5+ years £'000	Total £'000
Facilities:				
Revolving credit facility	-	75,000	-	75,000
Loan notes	-	750,000	300,000	1,050,000
Total facilities	**-**	**825,000**	**300,000**	**1,125,000**
Drawn loans:				
Revolving credit facility	-	-	-	-
Loan notes	-	(750,000)	(300,000)	(1,050,000)
Total drawn loans	**-**	**(750,000)**	**(300,000)**	**(1,050,000)**
Undrawn facilities:				
Revolving credit facility	-	75,000	-	75,000
Loan notes	-	-	-	-
Undrawn committed facilities	**-**	**75,000**	-	**75,000**

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

14. Derivative financial instruments

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

	30 Jun 2022	30 Jun 2021	31 Mar 2022
	£'000	£'000	£'000
Financial liabilities carried at fair value:			
Non-current derivative financial instrument assets	**424**	-	8
Non-current derivative financial instrument liabilities	-	(1,851)	-
Current derivative financial instrument liabilities	-	-	(125)

Interest rate swaps

To minimise the volatility in cash flows from a change in SONIA, 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 Jun 2022**	30 Jun 2021	31 Mar 2022
		£'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

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.

15. Trade and other payables

	30 Jun 2022	30 Jun 2021	31 Mar 2022
	£'000	£'000	£'000
Trade payables	**1,805**	2,597	5,268
Corporation tax payable	**145**	-	145
Other payables	**557**	617	550
Accruals and deferred income	**32,801**	30,042	43,691
Amounts due to parent company	**9,810**	8,259	9,810
Capital expenditure related payables	**37,402**	14,687	28,809
	82,520	56,202	88,273

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 2022, the Group had total capital commitments contracted for, but not provided in the financial statements, of £317.2 million (30 June 2021: £28.9 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 2022

16. Events after the reporting date

There have been no significant events since the reporting date requiring adjustment or disclosure.

17. 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.