PINEWOOD

Pinewood Group Limited

Report as at and for

the 9 months to

31 December 2022

Third quarter highlights

Operational and industry highlights

- The BFI reported that the combined UK film and high-end television ("HETV") production spend for 2022 was £6.3 billion from 415 productions, which is the highest combined annual reported spend
- The studios remain busy and several productions are filming on-site following the winter break; currently there are 19 film and HETV productions at the studios, of which three are filming
- Revenue up by 12% to £84.7 million (Q3 YTD FY22: £75.8 million); 6% of the growth was from underlying business improvements, with the remainder from higher energy prices, with energy recharged principally at cost to our long-term contract customers
- Adjusted EBITDA up by 4% to £52.4 million (Q3 YTD FY22: £50.2 million); adjusted EBITDA margin of 62% (Q3 YTD FY22: 66%)
- Valuation Office Agency ('VOA'), the public body responsible for business rates, recently published its draft ratings for 2023. The Group is engaging with the VOA on these draft rates, along with other studio owners and the British Film Commission, with a view to agreeing a smaller increase

Strategic highlights

- Expansion projects: good progress continues to be made with our expansion programme. All of the expansion space under construction is pre-let to Netflix and Prime Video (Amazon):
  - 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 well progressed, with all buildings watertight and cladding to the stages complete; completion expected summer CY23
  - Shepperton South: the project will deliver 14 sound stages and other production accommodation (c. 800k sq ft total area). Groundworks continue to roads, steel installation is complete, and mechanical and electrical installation to production offices and stages is progressing well; completion expected end H2 CY23
  - Pinewood South (future): a revised planning application was submitted in July 2022 to develop a 1.4 million sq ft scheme comprising production accommodation, an education and business hub and a nature reserve; Buckinghamshire Council resolved to grant planning permission subject to a procedural referral to the Secretary of State, with the decision expected in March
  - Pinewood West multi-storey car park (future): a planning application has been made to develop a 1,100-space multi-storey car park at Pinewood West; decision expected in the spring

Financial highlights

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

	9 months to 31 Dec 2022 £'000	**9 months to 31 Dec 2021 £'000**	**Year to 31 Mar 2022 £'000**
Turnover	84,724	75,797	102,926
Adjusted EBITDA	52,389	50,227	68,149
Adjusted EBITDA margin	61.8%	66.3%	66.2%
Cash generated from operations	77,419	66,681	60,580
Capital expenditure*	(243,732)	(62,838)	(100,004)
Senior secured note principal amount	1,050,000	1,050,000	1,050,000
Cash and cash equivalents	(336,967)	(541,766)	(484,458)
Deposits with tenure less than 1 year	-	(40,008)	(40,017)
Adjusted net debt	(713,033)	(468,226)	(525,525)

Business rates

The VOA recently published its draft rating revaluation for 2023. These draft rates are due to come into effect from 1 April 2023 and, if implemented, would increase the Group's business rates by c. 4.5x or approximately £16 million on a like-for-like basis. The Group is engaging with the VOA, along with other studio owners and the British Film Commission, with a view to agreeing a smaller increase.

The Government has also implemented a transitional relief scheme which seeks to limit the impact on businesses affected by the revaluation. The scheme caps the increase in business rates for a 3-year period for those properties available for occupation at 31 March 2023. The Group would benefit from the Government's scheme, and for a company of our size, the increases would be limited to 38% above current levels in FY24, an expected additional 38% in FY25 and a further increase of 54% in FY26.

Paul Golding, CEO, commented:

"I am pleased to report another good set of results for the quarter.

We continue to work hard to deliver our current expansion programme at Shepperton. Build is progressing well, and we expect to complete the first phase this summer and the second, larger phase at the end of the year.

I am also delighted that Buckinghamshire Council has approved our plans for a 1.4 million sq ft expansion of Pinewood Studios. This will enable us to develop 21 new sound stages, an education and business hub and a new nature reserve, which will consolidate Pinewood's position as the leading film and TV production studio in the UK. The development will also bring much needed jobs as well as local ecological benefits.

We will only expand the studios further when we are confident there is sufficient demand from occupiers. This has been our strategy for several years and has served Pinewood and its stakeholders well."

The next Investor update is scheduled for 14 June 2023.

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.

** **Excluding adjusted items**

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, 236 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 31 December 2022 ("Q3 FY23"), and the comparative period as of and for the 3 months ended 31 December 2021 ("Q3 FY22"), prepared in accordance with FRS 104: "Interim Financial Reporting".
- The unaudited consolidated financial information of the Group as of and for the 9 months ended 31 December 2022 ("Q3 YTD FY23"), and the comparative period as of and for the 9 months ended 31 December 2021 ("Q3 YTD 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"), 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, intangibles, 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 turnover 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 period to 31 December 2022

Adjusted results of operations

	3 months ended 31 Dec 2022 £'000	3 months ended 31 Dec 2021 £'000	**9 months ended 31 Dec 2022 £'000**	9 months ended 31 Dec 2021 £'000
Turnover	**29,402**	26,287	**84,724**	75,797
Cost of sales	**(13,008)**	(10,041)	**(36,799)**	(28,785)
Gross profit	**16,394**	16,247	**47,925**	47,012
Selling, distribution and administrative expenses	**(1,941)**	(1,770)	**(6,582)**	(6,011)
Other operating expense	**-**	116	**(23)**	(388)
Operating profit	**14,453**	14,593	**41,320**	40,613
Income from participating interests	**1,203**	311	**2,629**	1,300
Interest receivable and similar income	**3,015**	3,299	**11,823**	9,381
Interest payable and similar charges	**(9,247)**	(7,243)	**(27,692)**	(19,919)
Profit before taxation	**9,424**	10,960	**28,080**	31,375
Tax charge	**(1,803)**	(2,255)	**(5,922)**	(7,576)
Profit after taxation	**7,621**	8,705	**22,158**	23,799

Turnover

Revenue during the quarter was £29.4 million, an increase of £3.1 million since the prior year quarter (Q3 FY22: £26.3 million). Over 60% of this quarter-on-quarter improvement was delivered by underlying business growth, with the remaining increase from higher energy-related revenues, with energy principally charged at cost to our long-term contract customers.

The UK studios have continued to perform well in the quarter, with 100% of our production accommodation let to our key customers under long-term contracts. In October, five newly constructed stages at Pinewood were completed and let to Disney. Additionally, the contracts contain annual inflation-linked indexation provisions, which have resulted in our billings and revenues increasing compared with the prior year quarter.

Group Turnover for the first nine month of the year of £84.7 million, increased by £8.9 million or 12% since the prior year period (Q3 YTD FY22: £75.8 million). Just over half of this growth was delivered through underlying business improvements across our UK studios and Post-production businesses, with the remaining increase from higher energy-related revenues.

As mentioned, UK studios benefitted from letting the five newly constructed stages at Pinewood. The business also benefitted from the annual inflation-linked indexation provisions within the long-term contracts. As required by UK GAAP, some of these indexation provisions result in certain rental revenues being recognised on a straight-line basis over the initial contractual term, rather than increasing each year. Consequently, in this respect, these revenues were held level with that of the prior year period, having been adjusted upwards by £1.3 million from the contractual amounts due, which is lower than the £1.9 million upwards adjustment recognised in the comparative period.

Post-production has delivered strong results throughout the first nine months of the year. Demand for international versioning services increased substantially combined with increased occupancy of our mixing and recording theatres by third parties.

The International business, comprising sales and marketing agreements with studios in Toronto and the Dominican Republic, performed in-line with the prior year period.

Cost of sales

Cost of sales was £13.0 million for the quarter (Q3 FY22: £10.0 million), with 50% of this increase from higher energy prices. Cost of sales was £36.8 million for the 9 months to date (Q3 YTD FY22: £28.8 million), with over 60% of this increase from higher energy prices. Whilst these energy costs are principally charged to our long-term contract customers at cost, the Group has also been impacted by rising prices on its own relatively small level of energy consumption.

Other increases were seen in costs incurred to maintain and operate the sites, together with a one-off post-pandemic maintenance catch-up programme which commenced earlier in the year. The cost of insurance has also risen in the year, due to the five new stages at Pinewood being brought into the insurance portfolio and a tightening of conditions in the insurance market.

Gross profit

Group Gross profit for the quarter was £16.4 million (Q3 FY22: £16.2 million), with the revenue improvements in our UK studios compensating for the Group's own higher energy, insurance and maintenance costs.

The gross profit margin for the quarter of 55.8% was 6.0ppt lower than the prior year quarter (Q2 FY22: 61.8%). Around 2.3 ppt of the reduction in gross profit margin was due to the higher level of low margin energy pass-through revenues, with most of the remaining 3.7 ppt reduction due to the planned catch-up in maintenance spend and higher insurance costs.

Gross profit for the first nine months of the year was £47.9 million (Q3 YTD FY22: £47.0 million), with the strong performance from the core UK studios business and Post-production more than compensating for the increase in costs resulting from higher energy and insurance costs, and the post-pandemic maintenance catch-up programme.

The gross profit margin reduced to 56.6% from 62.0% in the prior year period, a reduction of 5.4 ppt. Much of this decrease in margin is from a higher level of low margin, customer-related energy revenues. Holding our customers' energy costs and pass-through revenues at last year's level, would have resulted in the margin this year being just 2.6 ppt lower than prior year.

Selling, distribution and administrative expenses

Selling, distribution and administrative expenses were £1.9 million in the quarter (Q3 FY22: £1.8 million) and £6.6 million in the first nine months of the year (Q3 YTD FY22: £6.0 million). Expenditure had been reduced in the prior year period due to the ongoing pandemic, which had impacted sales and marketing activity and certain discretionary administrative expenditure. During the first nine months of this year, administrative expenses returned to normal levels and the Group hosted the successful Futures Festival, where 4,000 young people from across the UK were welcomed to Pinewood to learn about the career opportunities in our industry.

Other operating income/expenses **

Other operating expenses were £nil throughout the first nine months of the year (Q3 FY22: £0.1 million gain, Q3 YTD FY22: £0.4 million expense). The prior year quarter reflected a small gain on disposal of assets, and this partly offset the repayment of £0.5 million of funds granted under the CJRS earlier last year.

Operating profit **

Operating profit for the quarter of £14.5 million, was in line with the prior year quarter as described above (Q3 FY22: £14.6 million). The resultant operating profit margin of 49.2% was 6.3ppt lower than the prior year quarter (Q2 FY22: 55.5%). Around 2.0 ppt of the reduction in operating profit margin was due to the higher level of low margin energy pass-through revenues, with most of the remaining 4.3 ppt reduction due to the planned catch-up in maintenance spend and higher insurance costs.

Operating profit in the first nine months of the year was £41.3 million (Q3 YTD FY22: £40.6 million). The resultant operating profit margin of 48.8% (Q3 YTD FY22: 53.6%) was adversely impacted by the higher energy prices as described above. Excluding the increase in customer-related energy revenues and costs, the operating profit margin would have been 51.3%, reflecting a fall of 2.3ppt vs. the prior year period.

Income from participating interests

Our associate company, PMBS, which has an exclusive lighting contract at the UK studios, continues to deliver positive results, having recovered from the pandemic over the course of the prior year. As a result, income from participating interests has been recognised at £1.2 million in the quarter (Q3 FY22: £0.3 million) and £2.6 million in the year to date (Q3 YTD FY22: £1.3 million). Consequently, the carrying value of the Group’s equity interest in PMBS has risen to £4.6 million at 31 December 2022.

Interest receivable and similar income

Interest receivable and similar income, which includes income earned on the loan to the Group’s parent company, was £3.0 million in the quarter (Q3 FY22: £3.3 million). This decrease was principally due to a £0.9 million decline in the overall fair value gain position of the Group’s derivative financial instruments, with this decline broadly offset by higher bank and other interest receivable of £0.6 million.

Interest receivable and similar income in the year to date was £11.8 million (Q3 YTD FY22: £9.4 million). The £2.4 million improvement from the prior year period was from an increase in bank and other interest income of £1.7 million and an increase in fair value gains on the Group’s derivative financial instruments of £0.7 million.

Interest payable and similar charges

Interest payable and similar charges was £9.2 million (Q3 FY22: £7.2 million) in the quarter and £27.7 million (Q3 YTD FY22: £19.9 million) in the first nine months of the year. The increase in charges followed the issuance, in December 2021, of £300.0 million of 3.625% senior secured notes due November 2027 to complete the Group’s studio expansion at Shepperton.

Tax charge **

Group Profit before tax was £28.1 million in the period (Q3 YTD FY22: £31.4 million) and the tax charge for the period was £5.9 million (Q3 YTD FY22: £7.6 million). This represents an effective tax rate of 21.1% (Q3 YTD FY22: 24.1%) respectively.

The effective tax rate in Q3 YTD FY23 is higher than the 19% main rate of UK corporation tax, as the charge is predominantly in relation to deferred tax rather than current tax. Given the level of construction at the studios, the Group expects to claim sufficient capital allowances such that UK tax is not payable in FY23. As the deferred tax balances are expected to unwind from FY24 onwards, they are initially provided for at a rate of 25%, which is the rate payable from 1 April 2023 as determined by the Finance Act 2021. This higher rate of tax has been supressed by the permanent benefit of year-one super-deduction capital allowances at 130% of qualifying spend, and by income from participating interests.

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 noted above; the rates were incorporated in the Group’s deferred tax position when the Finance Bill was substantively enacted during the prior year period, so increasing the effective rate for Q3 YTD FY22 by 3.8ppt.

Group Profit before tax in the quarter was £9.4 million (Q3 FY22: £11.0 million) and the tax charge for the period was £1.8 million (Q3 FY22: £2.3 million). This represents an effective tax rate of 19.1% (Q3 FY22: 20.6%) respectively, with the rate for Q3 FY23 particularly low due to the higher level of income from participating interests. Income from participating interests is included within profit before tax but is not subject to income taxes in the Group.

Adjusted EBITDA

In the quarter, adjusted EBITDA at £18.6 million, was £1.0 million above that of the prior year quarter (Q3 FY22: £17.6 million). After the first nine months of the year, adjusted EBITDA of £52.4 million demonstrated a £2.2 million improvement on that of the prior year period. This is predominantly due to the increase in operating profit as described above and the improvement in results from our associate lighting company.

Adjusted EBITDA margin of 61.8% was 4.5ppt lower than the 66.3% margin in the same nine-month period last year. The increase in energy revenues to our customers has reduced the EBITDA margin by 3.1ppt, with energy charges largely passed through at cost to our long-term contract customers.

Reconciliation of profit after taxation to adjusted EBITDA	**3 months ended 31 Dec 2022 £'000**	3 months ended 31 Dec 2021 £'000	**9 months ended 31 Dec 2022 £'000**	9 months ended 31 Dec 2021 £'000
Profit after taxation	**2,337**	8,705	**16,874**	23,799
Tax charge on profit	**239**	2,255	**4,358**	7,576
Net interest payable and other charges	**6,232**	3,944	**15,869**	10,538
Depreciation of property, plant and equipment	**2,738**	2,544	**7,697**	7,740
Amortisation of intangible assets	**240**	237	**712**	709
(Profit)/loss on disposal of property, plant & equipment and investments	**-**	(116)	**31**	(135)
EBITDA	**11,786**	17,569	**45,541**	50,227
Adjusted items	**6,848**	-	**6,848**	-
Adjusted EBITDA	**18,634**	17,569	**52,389**	50,227

Adjusted items

During the quarter to 31 December 2022, the Group set aside funds in order to establish a long-term incentive plan to incentivise and retain certain senior members of staff. Payments made under this plan are also intended to reward individuals for their past performance in developing the Group. The plan gave rise to exceptional charges of £6.8 million during the period, with associated tax credits of £1.6 million. This has been presented as an adjusted item as the incentive plan is considered unusual in size and is, therefore, of limited long-term predictive value. The incentive plan is expected to give rise to further adjusted charges over its life.

Liquidity and capital resources

Group statement of cash flows

The cash and cash equivalents balance at 31 December 2022 was £337.0 million, having reduced from £484.5 million at the start of the financial year due to a cash outflow of £147.7 million, slightly offset by a small foreign exchange gain.

The Group generated £56.0 million through its operating activities, after net interest, tax, and exceptional payments. It invested £243.7 million in capital expenditure* in the period, predominantly in relation to the expansion programme at Shepperton. During Q3 FY23, as a part of the Group's treasury management programme, funds were transferred from bank accounts requiring over three months' advance notice of withdrawal, presented outside of cash and cash equivalents, to shorter-notice products. As a result, an inflow of £40.0 million of cash was recognised within cash flows used in investing activities in the nine months to 31 December 2022.

During the quarter, Cash and cash equivalents increased from £306.1 million to £337.0 million, with £75.6 million of cash received from operating activities after interest and tax, £65.0 million of cash returned from deposit accounts held outside of cash and cash equivalents as described above, offset by £109.3 million invested in capital expenditure. In operating cash flow, this quarter includes a significant portion of lease rentals received in advance under the terms of the long-term contracts, together with the associated VAT and which is due to be paid to HMRC in Q4 FY23.

	9 months ended 31 Dec 2022 £'000	9 months ended 31 Dec 2021 £'000
Cash flow from operating activities before working capital changes	**42,913**	48,929
Increase in Working Capital	**34,506**	17,752
Cash generated from operations	**77,419**	66,681
Net interest paid	**(21,219)**	(12,874)
Net income tax paid	**(215)**	(3,968)
Net cash flow from operating activities	**55,985**	49,839
Net cash flow used in investing activities	**(203,732)**	(102,838)
Net cash flow from financing activities	**-**	297,086
Net (decrease)/increase in cash and cash equivalents	**(147,747)**	244,087
Currency exchange movement	**256**	83
Cash and cash equivalents at the start of the period	**484,458**	297,596
Cash and cash equivalents at the end of the period	**336,967**	541,766

Net cash flow from operating activities

The Group generated £56.0 million (Q3 YTD FY22: £49.8 million) of cash through operating activities after interest and tax, reflecting an increase of £6.2 million since the prior year period. This period-on-period improvement is due to the following factors:

i. A £6.0 million lower cash inflow from operating activities before movement in working capital to £42.9 million (Q3 YTD FY22: £48.9 million). This was due to the £0.8 million improvement in adjusted operating profit as described above, excluding the effect of a £0.1 million profit on disposal of investments in the prior year period, offset by adjusted charges of £6.8 million as described above and which were substantially settled in Q3 FY23.
ii. A £16.7 million higher inflow of working capital, principally due to a higher level of cash received in advance from long-term contract and other customers, following the construction of new

stages at Pinewood, inflationary terms within the leases and an improved level of resales contracted for in advance of Q4 FY23. This was partially offset by the payment of professional fees on behalf of the Group's parent company following the recent acquisition of the Pinewood group of companies by PGV SCSp.

iii. A £8.3 million increase in net interest payments, following the issue of £300.0 million of 3.625% senior secured notes in December 2021, reduced by higher levels of bank interest received and lower charges in relation to our derivative financial instruments which are now in an in-the-money position.

iv. A £3.8 million reduction in income tax paid. As described earlier, the Group anticipates claiming capital allowances on spend in relation to the ongoing studio expansion programme, which is expected to substantially offset UK taxable profits for FY23. Tax remains payable to the relevant tax jurisdictions for our International business.

Net cash flow from investing activities

Net cash outflow from investing activities totalled £203.7 million (Q3 YTD FY22: £102.8 million). The Group spent £243.7 million on capital expenditure* in the period, largely in respect of the Group's ongoing expansion programme at Shepperton studios. This was partially offset by the return of funds from deposit accounts with over three months' notice of withdrawal (Q3 YTD FY22: £40.0 million placed on deposit) as part of the Group's treasury management programme.

In the same period last year, capital expenditure* totalled £62.8 million and £40.0 million was placed on deposit in bank accounts with a tenure of over three months. Capital expenditure* related to the construction of the new stages at Pinewood West, enabling works at the first phase of the Shepperton expansion (North West) and the design and enabling works of the second larger phase (South).

Net cash flow from financing activities

Net cash flow from financing activities was £nil (Q3 YTD FY22: £297.1 million inflow). The prior year period cash flow was from proceeds, net of arrangement fees, from the issue of £300.0 million 3.625% senior secured notes due November 2027.

Adjusted Net debt

Adjusted net debt comprises the principal amount of the Group's senior secured notes (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.

	31 Dec 2022 £'000	**31 Dec 2021 £'000**	**31 Mar 2022 £'000**
Senior secured note principal amount	1,050,000	1,050,000	1,050,000
Less:			
Cash and cash equivalents	(336,967)	(541,766)	(484,458)
Deposits with tenure less than 1 year	-	(40,008)	(40,017)
Adjusted net debt	**713,033**	**468,226**	**525,525**

Adjusted net debt at 31 December 2022 was £713.0 million, based on £1,050.0 million of senior secured notes, and cash and cash equivalents £337.0 million. Cash, cash equivalents and bank deposits are held with several banks which are rated A2/A/A or higher; the Group does not invest in money market funds.

The Group's Loan to Value ('LTV') metric has increased to 29.1%. This is based on the valuation performed by JLL at September 2021, adjusted by spend subsequent to the valuation on the three major ongoing expansion projects (Pinewood West new stages, Shepperton North West and Shepperton South) of c. £289 million. On completion of all three programmes, the Q3 FY23 proforma LTV is around 35%.

Pinewood Group Limited

Interim condensed consolidated financial statements

Period ended 31 December 2022

Company Registration Number: 03889552

Group Statement of Comprehensive Income

for the nine month period ended 31 December 2022

		9 months ended 31 Dec 2022			9 months ended 31 Dec 2021			Full year 31 Mar 2022
		Adjusted	**Adjusted items**	**Total**	Adjusted	Adjusted items	Total	Total
	Note	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Turnover		**84,724**	**-**	**84,724**	75,797	-	75,797	102,926
Cost of sales		**(36,799)**	**-**	**(36,799)**	(28,785)	-	(28,785)	(39,333)
Gross profit		**47,925**	**-**	**47,925**	47,012	-	47,012	63,593
Selling and distribution costs		**(844)**	**-**	**(844)**	(610)	-	(610)	(796)
Administrative expenses		**(5,738)**	**-**	**(5,738)**	(5,401)	-	(5,401)	(7,292)
Other operating expense		**(23)**	**(6,848)**	**(6,871)**	(388)	-	(388)	(446)
Operating profit/(loss)	3	**41,320**	**(6,848)**	**34,472**	40,613	-	40,613	55,059
Income from participating interests	7	**2,629**	**-**	**2,629**	1,300	-	1,300	1,953
Interest receivable and similar income	4	**11,823**	**-**	**11,823**	9,381	-	9,381	13,103
Interest payable and similar charges	5	**(27,692)**	**-**	**(27,692)**	(19,919)	-	(19,919)	(29,000)
Profit/(loss) before taxation		**28,080**	**(6,848)**	**21,232**	31,375	-	31,375	41,115
Tax (charge)/credit	6	**(5,922)**	**1,564**	**(4,358)**	(7,576)	-	(7,576)	(9,770)
Profit/(loss) after taxation attributable to equity shareholders		**22,158**	**(5,284)**	**16,874**	23,799	-	23,799	31,345
Other comprehensive income								
Currency exchange differences		**223**	**-**	**223**	82	-	82	294
Total comprehensive income/(loss)		**22,381**	**(5,284)**	**17,097**	23,881	-	23,881	31,639

The notes on pages 16 to 25 form part of these financial statements.

Group Statement of Financial Position
as at 31 December 2022

	Note	**31 Dec 2022 £'000**	31 Dec 2021 £'000	31 Mar 2022 £'000
Assets				
Non-current assets				
Intangible assets	8	**4,247**	5,133	4,889
Property, plant and equipment	9	**682,385**	389,796	420,050
Interests in associates	7	**8,988**	5,374	6,108
Derivative financial instruments	15	**1,408**	-	8
Trade and other receivables	10	**348,123**	337,043	339,813
		1,045,151	737,346	770,868
Current assets				
Inventories		**98**	64	46
Trade and other receivables	10	**15,938**	9,771	27,473
Deposits	11	**-**	40,008	40,017
Cash and cash equivalents		**336,967**	541,766	484,458
		353,003	591,609	551,994
Total assets		**1,398,154**	1,328,955	1,322,862
Equity and liabilities				
Share capital	12	**1**	1	1
Translation reserve	13	**2,212**	1,682	1,989
Retained earnings	13	**194,758**	170,433	177,884
Total equity		**196,971**	172,116	179,874
Non-current liabilities				
Interest bearing loans and borrowings	14	**1,046,286**	1,045,456	1,045,539
Derivative financial instruments	15	**-**	783	-
Deferred tax liabilities		**9,673**	5,123	5,487
		1,055,959	1,051,362	1,051,026
Current liabilities				
Interest bearing loans and borrowings	14	**7,464**	6,988	3,564
Derivative financial instruments	15	**-**	275	125
Trade and other payables	16	**137,760**	98,214	88,273
		145,224	105,477	91,962
Total liabilities		**1,201,183**	1,156,839	1,142,988
Total equity and liabilities		**1,398,154**	1,328,955	1,322,862

Group Statement of Cash Flows

for the nine month period ended 31 December 2022

	Note	9 months ended 31 Dec **2022** **£'000**	2021 £'000	Year ended 31 Mar 2022 £'000
Cash flow from operating activities:				
Profit before taxation		**21,232**	31,375	41,115
Adjustments to reconcile profit before taxation to net cash flows:				
Depreciation and amortisation	3	**8,409**	8,449	11,203
Profit on disposal of investments	3	**-**	(141)	(141)
Loss on disposal of property, plant and equipment	3	**31**	6	75
Income from participating interests	7	**(2,629)**	(1,300)	(1,953)
Unrealised foreign exchange gain		**1**	2	-
Interest receivable and similar income	4	**(11,823)**	(9,381)	(13,103)
Interest payable and similar charges	5	**27,692**	19,919	29,000
Cash flow from operating activities before changes in working capital		**42,913**	48,929	66,196
Decrease/(increase) in trade and other receivables		**820**	(1,468)	(8,237)
(Increase)/decrease in inventories		**(52)**	(5)	13
Increase in trade and other payables		**33,738**	19,225	2,608
Cash generated from operations		**77,419**	66,681	60,580
Interest paid		**(23,205)**	(13,171)	(25,642)
Interest received		**1,986**	297	479
Net income tax paid		**(215)**	(3,968)	(5,436)
Net cash flow from operating activities		**55,985**	49,839	29,981
Cash flow (used in)/from investing activities:				
Purchase of property, plant and equipment		**(244,864)**	(62,886)	(100,059)
Purchase of intangible assets		**(48)**	(93)	(86)
Proceeds from disposal of property, plant and equipment		**1,180**	-	-
Proceeds from disposal of investments		**-**	141	141
Net amounts returned from/(placed on) deposit		**40,000**	(40,000)	(40,000)
Net cash flow used in investing activities		**(203,732)**	(102,838)	(140,004)
Cash flow from/(used in) financing activities:				
Proceeds from issue of loan notes		**-**	300,000	300,000
Payment of loan issue costs and finance arrangement fees		**-**	(2,914)	(3,379)
Net cash flow from financing activities		**-**	297,086	296,621
Net (decrease)/increase in cash and cash equivalents		**(147,747)**	244,087	186,598
Currency exchange movement		**256**	83	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		**336,967**	541,766	484,458

Reconciliation of Movement in Net Debt
for the nine month period ended 31 December 2022

	9 months ended 31 Dec		Year ended
	2022	2021	31 Mar 2022
	£'000	£'000	£'000
Net (decrease)/increase in cash and cash equivalents	**(147,747)**	244,087	186,598
Currency exchange movement	**256**	83	264
Payment of interest on loan notes	**22,557**	12,188	24,375
Proceeds from issue of loan notes	**-**	(300,000)	(300,000)
Payment of loan issue costs and finance arrangement fees	**-**	2,914	3,379
Movement in loan issue costs accrued	**-**	280	(90)
Loan arrangement costs recognised within other receivables	**-**	(577)	(597)
Interest expense on loan notes	**(27,204)**	(19,594)	(28,515)
Movement in net debt	**(152,138)**	(60,619)	(114,586)
Net debt at the start of the period	**(564,645)**	(450,059)	(450,059)
Net debt at the end of the period	**(716,783)**	(510,678)	(564,645)
Net debt at the end of the period excluding restricted cash	**(718,471)**	(512,433)	(566,400)

Group Statement of Changes in Equity
for the nine month period ended 31 December 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	**-**	**-**	**16,874**	**16,874**
Currency exchange differences	**-**	**223**	**-**	**223**
Total comprehensive income for the period	**-**	**223**	**16,874**	**17,097**
At 31 December 2022	**1**	**2,212**	**194,758**	**196,971**
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	-	-	23,799	23,799
Currency exchange differences	-	82	-	82
Total comprehensive income for the period	-	82	23,799	23,881
At 31 December 2021	1	1,682	170,433	172,116

Notes to the Condensed Consolidated Financial Statements
for the nine month period ended 31 December 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. At 31 March 2022, the Group had recognised liabilities within capital creditors for contingent payments for Property, plant and equipment amounting to £5.0 million. During December 2022, the Group entered into arrangements with a counterparty to settle a contingent payment liability, as well as to purchase additional tangible assets and to receive other contractual elements relating to the Group's ongoing expansion programme. As a result of progress made in its development programme, the Group also met criteria to make further contingent payments for Property, plant and equipment, the eventual value of which is currently uncertain. The total amount recognised in capital creditors for all such future payments is £12.0 million (31 March 2022: £5.0 million).

There have been no other 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.

Notes to the Condensed Consolidated Financial Statements (continued)

for the nine month period ended 31 December 2022

2. Adjusted items

During the quarter ended 31 December 2022, the Group set aside funds in order to establish a long-term incentive plan to incentivise and retain certain senior members of staff. Payments made under this plan are also intended to reward individuals for their past performance in developing the Group. The plan gave rise to exceptional charges of £6.8 million during the period, with associated tax credits of £1.6 million. This has been presented as an adjusted item as the incentive plan is considered unusual in size, and is therefore of limited long-term predictive value. The incentive plan is expected to give rise to further adjusted charges over its life.

3. Operating profit

	9 months ended 31 Dec		Year ended
	2022	2021	31 Mar 2022
Operating profit is stated after charging/(crediting):	**£'000**	£'000	£'000
Depreciation of property, plant and equipment	**7,697**	7,740	10,257
Loss on disposal of property, plant and equipment	**31**	6	75
Operating lease payments	**1,381**	956	1,271
Profit on disposal of investments	**-**	(141)	(141)
Net Government grants (received)/returned	**(8)**	527	470
Amortisation of software	**292**	289	386
Amortisation of goodwill	**420**	420	560
Net foreign exchange (gains)/losses	**(3)**	6	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.

4. Interest receivable and similar income

	9 months ended 31 Dec		Year ended
	2022	2021	31 Mar 2022
	£'000	£'000	£'000
On financial instruments measured at amortised cost:			
Interest receivable from associates	**251**	233	314
Interest receivable on loan due from parent undertaking	**8,310**	8,310	11,080
Bank interest receivable	**1,971**	194	384
Other interest receivable	**67**	110	111
	10,599	8,847	11,889
On financial instruments measured at fair value:			
Gains on derivative financial instruments (including interest accruals)	**1,224**	534	1,214
	1,224	534	1,214
	11,823	9,381	13,103

5. Interest payable and similar charges

	9 months ended 31 Dec **2022** **£'000**	2021 £'000	Year ended 31 Mar 2022 £'000
On financial instruments measured at amortised cost:			
Senior secured notes	**27,204**	19,594	28,515
On other instruments:			
Other interest	**488**	325	485
	27,692	19,919	29,000

6. Taxation

(a) Analysis of charge for the period:	9 months ended 31 Dec **2022** **£'000**	2021 £'000	Year ended 31 Mar 2022 £'000
Current tax:			
UK corporation tax charge	**33**	4,628	6,037
Amounts payable for group tax relief	**-**	1,553	2,096
Foreign income tax	**15**	26	37
Foreign tax suffered	**49**	51	68
Double taxation credit	**(33)**	(36)	(46)
Amounts under/(over) provided in previous periods	**107**	-	(140)
	171	6,222	8,052
Deferred tax:			
Relating to origination and reversal of timing differences	**4,187**	168	420
Effect of change in deferred tax rates on opening balances	**-**	1,186	1,186
Amounts under provided in previous periods	**-**	-	112
	4,187	1,354	1,718
Tax charge in the Group statement of comprehensive income	**4,358**	7,576	9,770
The tax charge in the Group statement of comprehensive income comprises:			
Tax charge on profit for the period before adjusted items	**5,815**	7,576	9,798
Amounts under/(over) provided in previous periods before adjusted items	**107**	-	(28)
Tax credit on adjusted items	**(1,564)**	-	-
Tax charge in the Group statement of comprehensive income	**4,358**	7,576	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.

Notes to the Condensed Consolidated Financial Statements (continued)
for the nine month period ended 31 December 2022

7. Interests in associates

	31 Dec 2022 £'000	31 Dec 2021 £'000	31 Mar 2022 £'000
Equity	**4,582**	1,300	1,953
Loan notes	**4,406**	4,074	4,155
Total investment in associates	**8,988**	5,374	6,108

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

	31 Dec 2022 £'000	31 Dec 2021 £'000	31 Mar 2022 £'000
At beginning of period	**1,953**	-	-
Share of profit	**2,629**	1,300	1,953
At end of period	**4,582**	1,300	1,953

At 31 December 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%

8. Intangible assets

	Software £'000	**Goodwill £'000**	**Total £'000**
Cost			
At 31 March 2021	3,973	5,604	9,577
Additions	41	-	41
At 31 December 2021	4,014	5,604	9,618
Adjustments	(7)	-	(7)
At 31 March 2022	4,007	5,604	9,611
Additions	70	-	70
At 31 December 2022	**4,077**	**5,604**	**9,681**
Amortisation			
At 31 March 2021	413	3,363	3,776
Provided during the period	289	420	709
At 31 December 2021	702	3,783	4,485
Provided during the period	97	140	237
At 31 March 2022	799	3,923	4,722
Provided during the period	292	420	712
At 31 December 2022	**1,091**	**4,343**	**5,434**
Net book value			
At 31 December 2022	**2,986**	**1,261**	**4,247**
At 31 March 2022	3,208	1,681	4,889
At 31 December 2021	3,312	1,821	5,133
At 31 March 2021	3,560	2,241	5,801

9. 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	5,623	1,680	65,910	73,213
Disposals	(771)	(1,331)	-	(2,102)
Exchange movements	-	4	-	4
At 31 December 2021	354,723	38,241	92,502	485,466
Additions	2,559	312	29,970	32,841
Disposals	(119)	(794)	-	(913)
Exchange movements	-	5	-	5
At 31 March 2022	357,163	37,764	122,472	517,399
Additions	16,258	1,675	252,131	270,064
Reclassifications	54,355	385	(54,740)	-
Disposals	(11)	(2,147)	-	(2,158)
Exchange movements	-	21	-	21
At 31 December 2022	**427,765**	**37,698**	**319,863**	**785,326**
Depreciation				
At 31 March 2021	62,970	26,011	-	88,981
Provided during the period	5,684	2,056	-	7,740
Disposals	(116)	(939)	-	(1,055)
Exchange movements	-	4	-	4
At 31 December 2021	68,538	27,132	-	95,670
Provided during the period	1,881	636	-	2,517
Disposals	(60)	(783)	-	(843)
Exchange movements	-	5	-	5
At 31 March 2022	70,359	26,990	-	97,349
Provided during the period	5,966	1,731	-	7,697
Disposals	(11)	(2,115)	-	(2,126)
Exchange movements	-	21	-	21
At 31 December 2022	**76,314**	**26,627**	-	**102,941**
Net book value				
At 31 December 2022	**351,451**	**11,071**	**319,863**	**682,385**
At 31 March 2022	286,804	10,774	122,472	420,050
At 31 December 2021	286,185	11,109	92,502	389,796
At 31 March 2021	286,901	11,877	26,592	325,370

As at 31 December 2022, assets under construction mainly comprises costs associated with the development of land at Shepperton Studios. Such assets are not depreciated until the development is available for use.

Notes to the Condensed Consolidated Financial Statements (continued)
for the nine month period ended 31 December 2022

10. Trade and other receivables

	31 Dec 2022 £'000	31 Dec 2021 £'000	31 Mar 2022 £'000
Amount falling due within one year:			
Trade receivables	**7,046**	2,438	2,667
Prepayments and other receivables	**8,569**	7,042	17,641
Corporation tax receivable	**323**	291	287
Value added tax	**-**	-	6,878
	15,938	9,771	27,473
Amount falling due after more than one year:			
Loans due from parent undertakings	**348,123**	337,043	339,813
	348,123	337,043	339,813
	364,061	346,814	367,286

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

11. Deposits

	31 Dec 2022 £'000	31 Dec 2021 £'000	31 Mar 2022 £'000
Deposits	**-**	40,008	40,017

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

12. Share capital

	31 Dec 2022 £'000	31 Dec 2021 £'000	31 Mar 2022 £'000
1,000 Ordinary shares of £1 each (31 December 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 Ordinary share capital by an amount of £226 million. The nominal value of each Ordinary share was revised to £1.

13. 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 shareholders.

14. Interest bearing loans and borrowings

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

	Maturity	**31 Dec 2022 £'000**	31 Dec 2021 £'000	31 Mar 2022 £'000
Non-current borrowings:				
Revolving credit facility	March 2025/ May 2027	**-**	-	-
3.25% senior secured notes	September 2025	**748,506**	747,998	748,058
3.625% senior secured notes	November 2027	**297,780**	297,458	297,481
Non-current drawn loan facilities		**1,046,286**	**1,045,456**	**1,045,539**
Current borrowings				
Senior secured notes interest accruals		**7,464**	6,988	3,564
Current drawn loan facilities		**7,464**	6,988	3,564
Total Borrowings				
Senior secured notes		**1,046,286**	1,045,456	1,045,539
Senior secured notes interest accruals		**7,464**	6,988	3,564
		1,053,750	1,052,444	1,049,103

If drawn, the revolving credit facility bears interest at SONIA plus a variable margin. £15 million of the facility expires in March 2025. The remainder of the facility expires in May 2027.

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.

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

Notes to the Condensed Consolidated Financial Statements (continued)

for the nine month period ended 31 December 2022

14. Interest bearing loans and borrowings (continued)

The available drawn and undrawn committed facilities are as follows.

At 31 December 2022	Within 1 year £'000	1 – 5 years £'000	5+ years £'000	Total £'000
Facilities:				
Revolving credit facility	-	75,000	-	75,000
Senior secured notes	-	1,050,000	-	1,050,000
Total facilities	-	**1,125,000**	-	**1,125,000**
Drawn loans:				
Revolving credit facility	-	-	-	-
Senior secured notes	-	(1,050,000)	-	(1,050,000)
Total drawn loans	-	**(1,050,000)**	-	**(1,050,000)**
Undrawn facilities:				
Revolving credit facility	-	75,000	-	75,000
Senior secured notes	-	-	-	-
Undrawn committed facilities	-	**75,000**	-	**75,000**

At 31 December 2021	Within 1 year £'000	1 – 5 years £'000	5+ years £'000	Total £'000
Facilities:				
Revolving credit facility	-	15,000	60,000	75,000
Senior secured notes	-	750,000	300,000	1,050,000
Total facilities	-	765,000	360,000	1,125,000
Drawn loans:				
Revolving credit facility	-	-	-	-
Senior secured notes	-	(750,000)	(300,000)	(1,050,000)
Total drawn loans	-	(750,000)	(300,000)	(1,050,000)
Undrawn facilities:				
Revolving credit facility	-	15,000	60,000	75,000
Senior secured notes	-	-	-	-
Undrawn committed facilities	-	15,000	60,000	75,000

Notes to the Condensed Consolidated Financial Statements (continued)
for the nine month period ended 31 December 2022

15. Derivative financial instruments

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

	31 Dec 2022 £'000	31 Dec 2021 £'000	31 Mar 2022 £'000
Financial assets/(liabilities) carried at fair value:			
Non-current derivative financial instrument assets	**1,408**	-	8
Non-current derivative financial instrument liabilities	**-**	(783)	-
Current derivative financial instrument liabilities	**-**	(275)	(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**	**31 Dec 2022 £'000**	31 Dec 2021 £'000	31 Mar 2022 £'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.

16. Trade and other payables

	31 Dec 2022 £'000	31 Dec 2021 £'000	31 Mar 2022 £'000
Trade payables	**2,356**	1,216	5,268
Corporation tax payable	**146**	340	145
Value added tax	**3,222**	6,744	-
Other payables	**536**	755	550
Accruals and deferred income	**80,559**	57,729	43,691
Amounts due to parent company	**6,410**	9,289	9,810
Capital expenditure related payables	**44,531**	22,141	28,809
	137,760	98,214	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 31 December 2022, the Group had capital commitments contracted for, but not provided in the financial statements, of £195.2 million (31 December 2021: £408.5 million) in respect of property, plant and equipment, mainly arising from the expansion of Shepperton Studios. In 2021 the commitments also include amounts in respect of the redevelopment of Pinewood West.

17. Events after the reporting date

In July 2022, the Group submitted a revised planning application in respect of the Pinewood South site to develop a 1.4 million sq ft scheme comprising production accommodation, an education and business hub, and a nature reserve. On 16 February 2023, Buckinghamshire Council resolved to grant planning permission for this scheme, subject to procedural referral to the Secretary of State, with the decision expected in March.

18. 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.