PINEWOOD

Pinewood Group Limited

Report as at and for

the 3 months to

30 June 2023

First quarter highlights

Operational and industry highlights

- The BFI reported that the annual combined UK film and high-end television ("HETV") production spend for the 12-months to June 2023 was £5.4 billion from 403 productions, the third highest spend to June on record and 30% higher than pre-pandemic spend to June 2019.
- In May 2023, the Writers' Guild went on strike and was joined by the Screen Actors' Guild in July 2023.
- The studios remained busy throughout the quarter, with productions largely unaffected by the writers' strike. There are currently 11 productions at our studios, but the seven that were filming are now on hiatus due to the ongoing writers and actors strikes.
- Adjusted EBITDA was up by 27% to £22.0 million (Q1 FY23: £17.3 million); just under a half of the improvement was delivered by our acquisition of Pinewood Toronto Studios ('PTS') and the opening of five additional stages at Pinewood; adjusted EBITDA margin of 62% (Q1 FY23: 62%).

Strategic highlights

- The Group completed the acquisition of Pinewood Toronto Studios ('PTS'), a state-of-the-art purpose-built studio in Toronto, located 10-minutes from the city centre. The acquisition was funded by a C$175.0 million bank loan, £125.0 million capital injection by the Group's parent company, and from the Group's own cash.
- Progress continues to be made with our UK expansion programme. All the space currently 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 advanced and roadworks to connect the site are underway; completion expected during Q3 CY23;
  - Shepperton South: the project will deliver 14 sound stages and other production accommodation (c. 775k sq ft total area). Fit out of the stages, workshops and offices continues and roadworks have commenced; completion expected during Q1 CY24;
  - Pinewood South (a potential future project): the revised planning consent granted by Buckinghamshire Council in February 2023 was approved by the Secretary of State for Levelling Up, Housing and Communities. The scheme will deliver 1.4 million sq ft of production accommodation, an education and business hub and a nature reserve.

Financial highlights

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

	3 months to 30 Jun 2023 £'000	**3 months to 30 Jun 2022 £'000**	**Year to 31 Mar 2023 £'000**
Turnover	35,691	28,066	120,506
Adjusted EBITDA	22,041	17,288	76,042
Adjusted EBITDA margin	61.8%	61.6%	63.1%
Cash generated from operations	4,918	(2,379)	74,306
Adjusted capital expenditure*	(76,476)	(49,522)	(313,166)
Senior secured notes	(1,050,000)	(1,050,000)	(1,050,000)
Bank loans	(104,031)	-	-
Cash and cash equivalents	154,117	402,934	252,172
Deposits with tenure less than 1 year	-	65,049	-
Adjusted net debt	(999,914)	(582,017)	(797,828)

Paul Golding, CEO, commented:

“We have seen a good start to the financial year, and the studios remained busy throughout the quarter.

We completed the acquisition of Pinewood Toronto Studios at the start of May and our focus has since moved to integrating the business into the Group.

The writers’ and actors’ strikes have brought the majority of production to a standstill. However, we expect to see a sharp rebound once the strikes are resolved and production started. All three of our studios remain available to our customers under the terms of their contracts.

Finally, with construction of Shepperton North West nearing completion, we look forward to welcoming Prime Video to our Shepperton North West expansion this autumn.”

The next Investor update is scheduled for 8 November 2023.

Footnotes applicable to this announcement:

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

** **Excluding adjusted items**

*** **Contribution** represents gross profit excluding depreciation charges, but before any indirect costs such as maintenance, business rates, security, cleaning and other costs that cannot be allocated by business line

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 studios are located in prime locations, which makes Pinewood, Shepperton and Pinewood Toronto studios the preferred choice for major film and HETV production companies. Pinewood branded studios have hosted over 2,600 films and 800 TV productions, among them 174 Oscar winners, 236 BAFTA winners and numerous blockbuster film productions with budgets of over US$100 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 2023 ("Q1 FY24"), and the comparative period as of and for the 3 months ended 30 June 2022 ("Q1 FY23") 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 2023 ("FY23"), and the comparative period 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 30 June 2023

Adjusted results of operations

	3 months to	
	30 Jun 2023 £'000	30 Jun 2022 £'000
Turnover	**35,691**	28,066
Cost of sales	**(15,829)**	(12,013)
Gross profit	**19,862**	16,053
Selling, distribution and administrative expenses	**(3,301)**	(2,249)
Other operating (expense)/income	**-**	8
Operating profit	**16,561**	13,812
Income from participating interests	**463**	769
Interest receivable and similar income	**3,917**	3,701
Interest payable and similar charges	**(11,079)**	(9,156)
Profit before taxation	**9,862**	9,126
Tax charge	**(2,983)**	(2,040)
Profit after taxation	**6,879**	7,086

Turnover

Revenue during the quarter was £35.7 million, an increase of 27% or £7.6 million since the prior year quarter (Q1 FY23: £28.1 million). This improvement was principally delivered by additional capacity from our growth projects, being the new stages at Pinewood which opened in October 2022, the addition of Pinewood Toronto Studios to the Group in May 2023, and from contractual inflationary increases within our long-term rental contracts.

The Group also benefited from a continuation of the trend from Q4 FY23 where, at the request of our customers, the Group resold some of their unutilised space to other productions. This generated additional revenue in the quarter above that of the long-term contracts.

The rest of the UK business performed broadly in line with the prior year quarter.

Cost of sales

Cost of sales was £15.8 million for the quarter (Q1 FY23: £12.0 million). Increased depreciation, as a result of the Group's growth projects noted above, contributed £1.6 million of the £3.8 million quarter-on-quarter increase, and a further small uplift in costs resulted from the addition of the Toronto studios. Otherwise, business rates increased following the VOA's recent uplift in rateable value of the UK studios, and there has been a general inflationary increase in the cost of maintaining and operating the studios.

Depreciation charges increased considerably because of the acquisition of Pinewood Toronto Studios in May. As required under UK GAAP, the balance sheet of PTS has been recognised at fair value on the day of acquisition, which is higher than its book value. Therefore, higher levels of depreciation have been recognised in cost of sales than would have been recorded in PTS's accounts before acquisition.

Gross profit

Gross profit for the quarter was £19.9 million (Q1 FY23: £16.1 million), with the £3.8 million improvement to the prior year quarter largely from the increased studio capacity since last year and a higher level of resale income.

The gross profit margin for the quarter of 55.6% was 1.6ppt below the prior year quarter (Q1 FY23: 57.2%), with the benefit of increased studio capacity and additional resale income offset by the depreciation of fair value accounting on acquisition of PTS and higher business rates.

Selling, distribution and administrative expenses

Selling, distribution and administrative expenses were £3.3 million in the quarter (Q1 FY23: £2.2 million). The £1.1 million increase was largely driven by the addition of the Toronto studios to the Group, with £0.8 million of this increase relating to the amortisation of goodwill arising on acquisition.

Operating profit **

Adjusted operating profit for the quarter of £16.6 million was £2.8 million above the prior year period (Q1 FY23: £13.8 million). The resultant operating profit margin of 46.4% was 2.8ppt lower than the prior year quarter (Q1 FY23: 49.2%). As with the Gross profit margin impact noted above, the benefit of increased studio capacity and additional resale income was more than offset by the depreciation and amortisation of fair value accounting on acquisition of PTS and increase in business rates.

Income from participating interests

Our associate company, PMBS, offers lighting services across UK-based film studios and has an exclusive lighting contract at the Group's UK studios. Income from participating interests has been recognised at £0.5 million in the quarter (Q1 FY23: £0.8 million), and the carrying value of the Group's equity interest in PMBS has risen to £6.1 million at 30 June 2023 from £5.7 million at the start of the period. The lower income from participating interest in the period is mainly due to a reduced level of lighting activity compared with the prior year period.

Interest receivable and similar income

Interest receivable and similar income was £3.9 million in the quarter (Q1 FY23: £3.7 million). Due to the injection of £125.0 million of capital from the Group's parent company in advance of the acquisition of PTS, which was achieved by the partial repayment of a long-standing receivable from the parent, interest receivable from the parent reduced by £0.8 million to £2.0 million.

This quarter-on-quarter reduction was more than compensated for by £0.4 million higher bank interest and a £0.6 million fair value gain from the Group's derivative financial instruments and foreign exchange positions.

Interest payable and similar charges

Interest payable and similar charges at £11.1 million in the quarter, was £1.9 million higher than that of the prior year quarter (Q1 FY23: £9.2 million). This increase related to the recent acquisition of PTS, with £1.0 million of bank interest payable on the new loan drawn to part-finance the acquisition and £0.9 million of net foreign exchange losses on C$ cash balances held prior to the execution of the acquisition.

Tax charge **

Adjusted Profit before tax in the quarter was £9.9 million (Q1 FY23: £9.1 million) and the tax charge for the period was £3.0 million (Q1 FY23: £2.0 million). This represents an effective tax rate of 30.2% (Q1 FY23: 22.4%).

The overall effective tax rate in the quarter is higher than the 25% main rate of UK corporation tax, whereas the effective rate in Q1 FY23 was lower than the 25% rate enacted in the Finance Act 2021. The tax charge for Q1 FY24 incorporated a higher level of permanent differences, including the amortisation of goodwill which is not tax deductible and non-allowable depreciation on buildings, whereas the effective rate of tax for Q1 FY23 was supressed by the permanent benefit of year one super-deduction capital allowances at 130% of qualifying spend.

Segmental reporting

Following the acquisition of Pinewood Toronto Studios this quarter, the Group has concluded that the conditions exist to report the following segments:

- ***Global Studios*** represents our core business, being the provision of production accommodation to film and HETV production companies, together with the rental of other serviced accommodation at our studios.
- ***Other Production Services*** represents our ancillary businesses, including Post-production, TV and international sales and marketing agreements.

Key information reported by business segment and geographic area is:

	3 months to	
	30 June 2023 £'000	30 June 2022 £'000
Revenue by operating segment		
Global Studios	**31,616**	24,047
Other Production Services	**4,075**	4,019
Total revenue	**35,691**	28,066
Revenue by Geography		
UK	**33,582**	27,711
North America	**2,109**	355
Total revenue	**35,691**	**28,066**
Contribution * **		
Global Studios	**27,220**	20,111
Other Production Services	**2,434**	2,871
Total segmental Contribution	**29,654**	22,982

Revenue

Global Studios revenue increased quarter-on-quarter principally due to the additional capacity from our growth projects, being the new stages at Pinewood which opened in October 2022 and the addition of the Toronto studios to the Group in May 2023, and from contractual inflationary increases within our long-term rental contracts.

In addition, the business benefited from reselling unutilised space under the terms of our long-term contracts.

Other Production Services revenue was broadly in-line with that of last year.

Contribution

Contribution represents gross profit excluding depreciation charges, and before any indirect costs such as maintenance, business rates, security, cleaning and other costs that cannot be allocated by business line.

Contribution from Global Studios increased by £7.1 million, which broadly reflected the increase in its revenue as noted above. Contribution from Other Production Services reduced by £0.4 million, with slightly lower results in Post-production following a very strong FY23, and the loss of revenues from ending the sales and marketing agreement after the acquisition of PTS.

Adjusted EBITDA

Adjusted EBITDA of £22.0 million was £4.7 million above that of the prior year quarter (Q1 FY23: £17.3 million). This was largely due to the increase in revenue, as described above, partially offset by increases in UK business rates, a general increase in the cost of running the studios due to continuing inflation and costs incurred at our newly acquired studios in Toronto, and lower results from our associate lighting company.

Adjusted EBITDA margin of 61.8% was 0.2ppt higher than the 61.6% margin last quarter, with the additional higher contribution margin activity in Global Studios, offsetting the cost pressures mentioned above and the lower PMBS results.

Reconciliation of profit after taxation to adjusted EBITDA	**3 months to**	
	30 Jun 2023 £'000	30 Jun 2022 £'000
Profit after taxation (incl. adjusted items)	**5,950**	7,086
Tax charge on profit	**2,599**	2,040
Net interest payable and other charges	**7,162**	5,455
Depreciation of property, plant and equipment	**4,026**	2,470
Amortisation of intangible assets	**991**	237
EBITDA	**20,728**	17,288
Adjusted items	**1,313**	-
Adjusted EBITDA	**22,041**	17,288

Adjusted items

During FY23, the Group set aside funds 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. In the quarter the plan gave rise to adjusted charges of £1.3 million, with associated tax credits at 29.2% of £0.4 million. Continuing the treatment from last year, 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 and payments over its life.

Liquidity and capital resources

Group statement of cash flows

The Group held cash and cash equivalents at the end of the quarter of £154.1 million, having reduced from £252.2 million at the start of the period due to a cash outflow of £97.2 million and a foreign exchange loss of c. £0.9 million.

The Group used £1.3 million through its operating activities after net interest and tax, and invested £76.5 million in its capital expenditure* programme, predominantly in relation to the expansion programme at Shepperton. In relation to the PTS acquisition in the quarter, the Group received £125.0 million of funding from its parent company in partial repayment of a loan receivable (investing activities) and drew down a bank loan of £102.1 million (financing activities). These funds and £19.4 million of the Group's own cash, were used to acquire PTS and pay associated transaction fees, together totalling £246.5 million (investing activities).

	3 months to	
	30 June 2023 £'000	30 June 2022 £'000
Cash flow from operating activities before working capital changes	**20,264**	16,520
Net increase in working capital	**(15,346)**	(18,899)
Cash generated/ (used) from operations	**4,918**	(2,379)
Net interest paid	**(5,860)**	(4,849)
Net income tax paid	**(360)**	(69)
Net cash flow from operating activities	**(1,302)**	(7,297)
Net cash flow used in investing activities	**(197,969)**	(74,522)
Net cash flow from financing activities	**102,101**	-
Net decrease in cash and cash equivalents	**(97,170)**	(81,819)
Currency exchange movement	**(885)**	295
Cash and cash equivalents at the start of the period	**252,172**	484,458
Cash and cash equivalents at the end of the period	**154,117**	402,934

Net cash flow from operating activities

The Group used £1.3 million (Q1 FY23: used £7.3 million) of cash through operating activities after interest and tax, reflecting an improvement of £6.0 million on the prior year period. This quarter-on-quarter improvement is due to the following factors:

i. A £3.7 million increase in cash flows from operating activities before movement in working capital to £20.3 million (Q1 FY23: £16.5 million). After adjustments for non-cash items such as depreciation and amortisation charges together increasing by £2.3 million compared with the prior year period, adjusted operating profit improved by £5.0 million. This improvement is offset by £1.3 million of adjusted charges in relation to the LTIP which commenced in Q3 FY23.

ii. A £3.6 million improvement from working capital to £15.3 million outflow in Q1 FY24 (Q1 FY23: £18.9 million outflow). This improvement largely reflected higher VAT receipts from HMRC, following increased capex payments on the studio expansion programme, together with other timing differences regarding rental and resale income received in advance.

iii. A £1.0 million increase in net interest payments. This followed the Group raising a £102.1 million bank loan to part fund the PTS acquisition in May 2023, with the related upfront quarterly interest payments of £1.5 million. Partially offsetting this, the Group received a higher level of bank interest in the quarter on cash balances held in interest bearing accounts prior to the acquisition.

iv. A £0.3 million increase in income tax paid to £0.4 million (Q1 FY23: £0.1 million). The Group expects to claim capital allowances arising on spend in relation to the ongoing studio expansion programme. This will substantially offset UK taxable profits for FY24, in addition to those of FY23. Tax payments of £0.2 million were made to the Canadian tax authorities.

Net cash flow from investing activities

Net cash outflow from investing activities totalled £198.0 million (Q1 FY23: £74.5 million). The Group spent £76.5 million on capital expenditure* in the quarter, largely in respect of the Group’s ongoing expansion programme at Shepperton studios. In addition, as part of the PTS acquisition in the quarter, the Group received a partial repayment of its loan to its parent company of £125.0 million and invested £246.5 million to acquire PTS.

In the prior year period, the Group invested £49.5 million in its studio expansion programme and placed £25.0 million of cash on short-term deposit as part of its treasury management programme to optimise the security of and the return from funds pending capital investment.

Net cash flow from financing activities

Net cash flow from financing activities was £102.1 million inflow (Q1 FY23: £nil), with the Group drawing a bank loan of £102.1 million to fund the acquisition of PTS.

Adjusted Net debt

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

	30 Jun 2023 £'000	**30 Jun 2022 £'000**	**31 Mar 2023 £'000**
Senior secured notes	(1,050,000)	(1,050,000)	(1,050,000)
Bank loans	(104,031)	-	-
Less:			
Cash and cash equivalents	154,117	402,934	252,172
Deposits with tenure less than 1 year	-	65,049	-
Adjusted net debt	**(999,914)**	**(582,017)**	**(797,828)**

Adjusted net debt at 30 June 2023 was £999.9 million, based on £1,050.0 million of senior secured notes, a bank loan of £104.0 million and cash and cash equivalents £154.1 million. Cash, cash equivalents and bank deposits are held with several banks 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 35.2%. This is based on the UK valuation performed by JLL at September 2021, adjusted by spend subsequent to the valuation on the three major expansion projects (Pinewood West new stages (now completed), Shepperton North West and Shepperton South) of c. £415 million, and the JLL valuation of the Pinewood Toronto Studios of C$445 million (c. £265 million) as of April 2023. On completion of all three UK expansion projects, the Group proforma LTV is expected to be approximately 38%.

Finally, we may from time to time seek to retire or purchase our outstanding debt through cash purchases in open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Pinewood Group Limited

Interim condensed consolidated financial statements

Period ended 30 June 2023

Company Registration Number: 03889552

Group Statement of Comprehensive Income

for the three month period ended 30 June 2023

		3 months ended 30 June 2023			3 months ended 30 June 2022			Full year 31 Mar 2023
		Adjusted	**Adjusted items**	**Total**	Adjusted	Adjusted items	Total	Total
	Note	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Turnover	3	**35,691**	**-**	**35,691**	28,066	-	28,066	120,506
Cost of sales		**(15,829)**	**-**	**(15,829)**	(12,013)	-	(12,013)	(50,790)
Gross profit		**19,862**	**-**	**19,862**	16,053	-	16,053	69,716
Selling and distribution costs		**(231)**	**-**	**(231)**	(262)	-	(262)	(1,066)
Administrative expenses		**(3,070)**	**-**	**(3,070)**	(1,987)	-	(1,987)	(7,685)
Other operating (expense)/income		**-**	**(1,313)**	**(1,313)**	8	-	8	(8,229)
Operating profit/(loss)	4	**16,561**	**(1,313)**	**15,248**	13,812	-	13,812	52,736
Income from participating interests	8	**463**	**-**	**463**	769	-	769	3,710
Interest receivable and similar income	5	**3,917**	**-**	**3,917**	3,701	-	3,701	16,405
Interest payable and similar charges	6	**(11,079)**	**-**	**(11,079)**	(9,156)	-	(9,156)	(36,778)
Profit/(loss) before taxation		**9,862**	**(1,313)**	**8,549**	9,126	-	9,126	36,073
Tax (charge)/credit	7	**(2,983)**	**384**	**(2,599)**	(2,040)	-	(2,040)	(7,935)
Profit/(loss) after taxation attributable to equity shareholders		**6,879**	**(929)**	**5,950**	7,086	-	7,086	28,138
Other comprehensive income								
Currency exchange differences		**1,237**	**-**	**1,237**	294	-	294	148
Effect of cash flow hedging (net of taxation)		**598**	**-**	**598**	-	-	-	-
Total other comprehensive income		**1,835**	**-**	**1,835**	294	-	294	148
Total comprehensive income/(loss)		**8,714**	**(929)**	**7,785**	7,380	-	7,380	28,286

The notes on pages 17 to 31 form part of these financial statements.

Group Statement of Financial Position
as at 30 June 2023

	Note	**30 Jun 2023 £'000**	30 Jun 2022 £'000	31 Mar 2023 £'000
Assets				
Non-current assets				
Intangible assets	9	**49,956**	4,663	4,016
Property, plant and equipment	10	**1,073,447**	481,270	757,605
Interests in associates	8	**10,708**	6,958	10,157
Derivative financial instruments	17	**2,575**	424	1,258
Trade and other receivables	11	**227,862**	342,583	350,893
		1,364,548	835,898	1,123,929
Current assets				
Inventories		**77**	95	106
Derivative financial instruments	17	**1,761**	-	-
Trade and other receivables	11	**27,236**	26,497	30,246
Deposits	12	**-**	65,049	-
Cash and cash equivalents		**154,117**	402,934	252,172
		183,191	494,575	282,524
Total assets		**1,547,739**	1,330,473	1,406,453
Equity and liabilities				
Share capital	13	**1**	1	1
Translation reserve	15	**3,374**	2,283	2,137
Cashflow hedge reserve	15	**1,955**	-	-
Retained earnings	15	**211,972**	184,970	206,022
Total equity		**217,302**	187,254	208,160
Non-current liabilities				
Interest bearing loans and borrowings	16	**1,149,353**	1,045,715	1,046,452
Deferred tax liabilities		**61,269**	7,502	13,777
		1,210,622	1,053,217	1,060,229
Current liabilities				
Interest bearing loans and borrowings	16	**7,464**	7,482	4,052
Trade and other payables	18	**112,351**	82,520	134,012
		119,815	90,002	138,064
Total liabilities		**1,330,437**	1,143,219	1,198,293
Total equity and liabilities		**1,547,739**	1,330,473	1,406,453

Group Statement of Cash Flows

for the three month period ended 30 Jun 2023

	Note	3 months ended 30 Jun **2023** **£'000**	2022 £'000	Year ended 31 Mar 2023 £'000
Cash flow from operating activities:				
Profit before taxation		**8,549**	9,126	36,073
Adjustments to reconcile profit before taxation to net cash flows:				
Depreciation and amortisation	4	**5,017**	2,707	11,359
Loss on disposal of property, plant and equipment	4	**-**	-	58
Income from participating interests	8	**(463)**	(769)	(3,710)
Unrealised foreign exchange (gain)/loss		**(1)**	1	1
Interest receivable and similar income	5	**(3,917)**	(3,701)	(16,405)
Interest payable and similar charges	6	**11,079**	9,156	36,778
Cash flow from operating activities before changes in working capital		**20,264**	16,520	64,154
Decrease/(increase) in trade and other receivables		**1,396**	(4,544)	(11,513)
Decrease/(increase) in inventories		**29**	(49)	(60)
(Decrease)/increase in trade and other payables		**(16,771)**	(14,306)	21,725
Cash generated from/(used by) operations		**4,918**	(2,379)	74,306
Interest paid		**(7,251)**	(5,297)	(35,511)
Interest received		**1,391**	448	3,608
Net income tax (paid)/recovered		**(360)**	(69)	27
Net cash flow from operating activities		**(1,302)**	(7,297)	42,430
Cash flow (used in)/from investing activities:				
Investment in subsidiaries (net of acquired cash)		**(246,493)**	-	(1,722)
Purchase of property, plant and equipment		**(76,476)**	(49,519)	(314,278)
Purchase of intangible assets		**-**	(3)	(68)
Proceeds from disposal of property, plant and equipment		**-**	-	1,180
Net amounts (placed on)/returned from deposit		**-**	(25,000)	40,000
Repayment of loan by parent company		**125,000**	-	-
Net cash flow used in investing activities		**(197,969)**	(74,522)	(274,888)
Cash flow (used in)/from financing activities:				
Proceeds from term loan financing net of fees		**102,101**	**-**	-
Net cash flow from financing activities		**102,101**	-	-
Net decrease in cash and cash equivalents		**(97,170)**	(81,819)	(232,458)
Currency exchange movement		**(885)**	295	172
Cash and cash equivalents at the start of the period		**252,172**	484,458	484,458
Cash and cash equivalents at the end of the period		**154,117**	402,934	252,172

Reconciliation of Movement in Net Debt

for the three month period ended 30 June 2023

	3 months ended 30 June		Year ended
	2023	2022	31 Mar 2023
	£'000	£'000	£'000
Net decrease in cash and cash equivalents	**(97,170)**	(81,819)	(232,458)
Currency exchange movement	**(2,160)**	295	172
Payment of interest on loan notes	**5,393**	4,886	34,744
Payment of interest on term loan (net of cash flow hedging receipt)	**1,465**	-	-
Proceeds from term loan financing (net of fees paid)	**(102,101)**	-	-
Interest expense on term loan (including effect of cash flow hedging)	**(987)**	-	-
Interest expense on loan notes	**(8,992)**	(8,980)	(36,145)
Movement in financing arrangement fee accrual	**414**	-	-
Unrealised gain on derivatives in cash flow hedging relationships	**2,862**	-	-
Movement in net debt	**(201,276)**	(85,618)	(233,687)
Net debt at the start of the period	**(798,332)**	(564,645)	(564,645)
Net debt at the end of the period	**(999,608)**	(650,263)	(798,332)
Net debt at the end of the period excluding restricted cash	**(1,001,296)**	(651,951)	(800,020)

Group Statement of Changes in Equity

for the three month period ended 30 June 2023

	Share capital	**Translation reserve**	**Cashflow hedge reserve**	**Retained earnings**	**Total Equity**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 01 April 2023	**1**	**2,137**	**-**	**206,022**	**208,160**
Profit for the period	**-**	**-**	**-**	**5,950**	**5,950**
Effect of cash flow hedging (net of taxation)	**-**	**-**	**598**	**-**	**598**
Currency exchange differences	**-**	**1,237**	**-**	**-**	**1,237**
Total comprehensive income for the period	**-**	**1,237**	**598**	**5,950**	**7,785**
Cash flow hedge reserves reclassified to goodwill	**-**	**-**	**1,357**	**-**	**1,357**
At 30 June 2023	**1**	**3,374**	**1,955**	**211,972**	**217,302**
At 01 April 2022	1	1,989	-	177,884	179,874
Profit for the year	-	-	-	28,138	28,138
Currency exchange differences	-	148	-	-	148
Total comprehensive income for the year	-	148	-	28,138	28,286
At 31 March 2023	1	2,137	-	206,022	208,160
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

Notes to the Condensed Consolidated Financial Statements

for the three month period ended 30 June 2023

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 2023, 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 throughout the periods presented. Accounting policies for business combinations and cash flow hedge accounting are stated below in an expanded form in light of their relevance to the current quarter.

Where it has been presented, the information for the year ended 31 March 2023 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.

Basis of consolidation and business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. For the purpose of impairment testing, the goodwill acquired in a business combination is allocated, on acquisition date, to the cash generating units that are expected to benefit from the synergies of the combination. Contingent consideration is included in the cost of the combination at the acquisition date if additional payments are probable and can be measured reliably. The liability is measured at the present value of the estimated future payments, using a discount rate reflecting conditions at the acquisition date. If the additional payment becomes probable and/or reliably measurable only after the acquisition date it is recognised as an adjustment to the cost of the combination and goodwill at that time. Similarly, if estimated future payments are revised, for example due to the non-occurrence of future events that had been expected to occur, the resulting adjustment is recorded against goodwill. However, changes resulting from the unwinding of the discount are recognised in profit or loss.

The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained.

Hedge accounting

Hedge accounting is applied to financial assets and financial liabilities only where all of the following criteria are met:

- At the inception of the hedge there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge;

- The hedge relationship meets all of the hedge effectiveness requirements including that an economic relationship exists between the hedged item and the hedging instrument, the credit risk effect does not dominate the value changes, and the hedge ratio is designated based on actual quantities of the hedged item and hedging instrument.

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

Cash flow hedges
Derivative contracts designated as a hedge of the variability in cash flows arising from firm commitments and highly probable forecast transactions are measured at fair value with changes in fair value recognised in other comprehensive income and accumulated in the cash flow hedge reserve. Gains and losses accumulated in the cash flow hedge reserve are recycled to profit or loss or reclassified to the cost of the relevant asset, as appropriate, when the forecast transaction occurs.

Significant judgements and key sources of estimation uncertainty
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 2023. At 31 March 2023, the Group had recognised liabilities within capital creditors for contingent and deferred payments in relation to Property, plant and equipment amounting to £10.8 million. Of this amount, £8.0 million was settled during the quarter ended 30 June 2023 at the amount provided, with the remaining amounts materially contractually agreed. During the quarter, the Group recognised other liabilities relating to acquired capital assets amounting to £5.9 million.

The Group continually monitors its liabilities under its capital spend arrangements and estimates relating to these liabilities may be revised as the development projects progress, leading to changes in liabilities and capitalised costs. However, because the Group has no unprovided obligations in respect of the agreements at the reporting date, no further liability is recognised.

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.

2. Adjusted items

As described in the Group's consolidated Financial Statements for the year ended 31 March 2023, during that year the Group established 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.

During the quarter ended 30 June 2023, the plan gave rise to exceptional charges of £1.3 million with associated tax credits of £0.4 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 to 2025.

3. Segmental Reporting

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.

Following the acquisition of Pinewood Toronto Studios during the quarter ended 30 June 2023 (see note 14), the Group has judged that it has the following reportable segments:

- Global Studios represents our core business, being the provision of production accommodation to film and HETV production companies, together with the rental of other serviced accommodation to the related creative industries companies based at our studios.
- Other Production Services represents our other operating segments including Post-production, TV and international sales and marketing agreements.

Contribution is the key measure used by the Group to measure segmental performance, reflecting the profitability and cash generation performance and capacity that is controllable by segment managers. It is defined as gross profit excluding depreciation charges but before indirect costs such as business rates, security, clearing and other costs that cannot be allocated by business line.

Comparative segmental results have been restated as required by IFRS 8: "Operating Segments"

Notes to the Condensed Consolidated Financial Statements (continued)

for the three month period ended 30 June 2023

3. Segmental Reporting (continued)

Key information reported by business segment and geographic area is:

	3 months ended 30 Jun **2023** £'000	2022 (restated) £'000	Year ended 31 Mar 2023 (restated) £'000
Revenue by operating segment			
Global Studios	**31,616**	24,047	104,489
Other Production Services	**4,075**	4,019	16,017
Total revenue	**35,691**	28,066	120,506
Revenue by geography			
UK	**33,582**	27,711	118,986
North America	**2,109**	355	1,520
Total revenue	**35,691**	28,066	120,506
Contribution			
Global Studios	**27,220**	20,111	87,811
Other Production Services	**2,434**	2,871	10,672
Total segmental Contribution	**29,654**	22,982	98,483

The segmental Contribution result presented above is reconciled to gross profit as presented in the Group Income Statement, which can be used to reconcile gross profit to profit before tax. Indirect costs are those costs of sale that are controlled centrally, rather than at the operating segment level, such as insurance, business rates and similar taxes, and health and safety and security costs. Such costs cannot be allocated by business line.

	3 months ended 30 Jun **2023** £'000	2022 (restated) £'000	Year ended 31 Mar 2023 (restated) £'000
Total segmental Contribution	**29,654**	22,982	98,483
Indirect costs excluding depreciation	**(5,766)**	(4,459)	(18,360)
Depreciation	**(4,026)**	(2,470)	(10,407)
Gross profit	**19,862**	16,053	69,716

Notes to the Condensed Consolidated Financial Statements (continued)

for the three month period ended 30 June 2023

4. Operating profit

Operating profit is stated after charging/(crediting):	3 months ended 30 Jun **2023** **£'000**	2022 £'000	Year ended 31 Mar 2023 £'000
Depreciation of property, plant and equipment	**4,026**	2,470	10,407
Loss on disposal of property, plant and equipment	**-**	-	58
Operating lease payments	**805**	462	1,933
Net Government grants received	**-**	(8)	(8)
Amortisation of software	**102**	97	392
Amortisation of goodwill	**889**	140	560
Net foreign exchange losses	**3**	4	31

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.

5. Interest receivable and similar income

	3 months ended 30 Jun **2023** **£'000**	2022 £'000	Year ended 31 Mar 2023 £'000
On financial instruments measured at amortised cost:			
Interest receivable from associates	**88**	81	339
Interest receivable on loan due from parent undertaking	**1,969**	2,770	11,080
Bank interest receivable	**886**	480	3,814
Other interest receivable	**246**	44	44
	3,189	3,375	15,277
On financial instruments measured at fair value through profit or loss:			
Gains on derivative financial instruments (including interest accruals)	**728**	326	1,128
	728	326	1,128
	3,917	3,701	16,405

6. Interest payable and similar charges

	3 months ended 30 Jun **2023** **£'000**	2022 £'000	Year ended 31 Mar 2023 £'000
On financial instruments measured at amortised cost:			
Senior secured notes	**8,992**	8,980	36,145
Term loan	**987**	-	-
On other instruments:			
Other interest	**1,100**	176	633
	11,079	9,156	36,778

Notes to the Condensed Consolidated Financial Statements (continued)
for the three month period ended 30 June 2023

7. Taxation

Analysis of charge for the period:	3 months ended 30 Jun **2023** **£'000**	2022 £'000	Year ended 31 Mar 2023 £'000
Current tax:			
UK corporation tax charge	**35**	12	60
Amounts payable for group tax relief	**825**	-	-
Foreign income tax	**2**	6	21
Foreign tax suffered	**22**	18	104
Double taxation credit	**(14)**	(12)	(57)
Amounts over provided in previous periods	**-**	-	(484)
	870	24	(356)
Deferred tax:			
Relating to origination and reversal of timing differences	**1,729**	2,016	7,692
Amounts under provided in previous periods	**-**	-	599
	1,729	2,016	8,291
Tax charge in the Group statement of comprehensive income	**2,599**	2,040	7,935
The tax charge in the Group statement of comprehensive income comprises:			
Tax charge on profit for the period before adjusted items	**2,983**	2,040	9,374
Amounts under provided in previous periods before adjusted items	**-**	-	115
Tax credit on adjusted items	**(384)**	-	(1,554)
Tax charge in the Group statement of comprehensive income	**2,599**	2,040	7,935

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.

In addition to the amounts above, the Group recognised deferred tax liabilities in other comprehensive income amounting to £653k in respect of cash flow hedging (2022: £nil).

8. Interests in associates

	30 Jun 2023 £'000	30 Jun 2022 £'000	31 Mar 2023 £'000
Equity	**6,126**	2,722	5,663
Loan notes	**4,582**	4,236	4,494
Total investment in associates	**10,708**	6,958	10,157

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

	30 Jun 2023 £'000	30 Jun 2022 £'000	31 Mar 2023 £'000
At beginning of period	**5,663**	1,953	1,953
Share of profit	**463**	769	3,710
At end of period	**6,126**	2,722	5,663

Notes to the Condensed Consolidated Financial Statements (continued)
for the three month period ended 30 June 2023

8. Interests in associates (continued)

At 30 June 2023, 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%

9. Intangible assets

	Software £'000	Goodwill £'000	Total £'000
Cost			
At 31 March 2022	4,007	5,604	9,611
Additions	11	-	11
At 30 June 2022	4,018	5,604	9,622
Additions	68	-	68
At 31 March 2023	4,086	5,604	9,690
Acquisitions through business combinations	-	46,438	46,438
Exchange differences	-	507	507
At 30 June 2023	**4,086**	**52,549**	**56,635**
Amortisation			
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
Provided during the period	295	420	715
At 31 March 2023	1,191	4,483	5,674
Provided during the period	102	889	991
Exchange differences	8	6	14
At 30 June 2023	**1,301**	**5,378**	**6,679**
Net book value			
At 30 June 2023	**2,785**	**47,171**	**49,956**
At 31 March 2023	2,895	1,121	4,016
At 30 June 2022	3,122	1,541	4,663
At 31 March 2022	3,208	1,681	4,889

Notes to the Condensed Consolidated Financial Statements (continued)

for the three month period ended 30 June 2023

10. Property, plant and equipment

	Freehold land and buildings £'000	Fixtures, fittings and equipment £'000	Assets under construction £'000	Total £'000
Cost				
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
Additions	17,103	2,486	264,741	284,330
Reclassification	54,562	388	(54,950)	-
Disposals	(61)	(2,991)	-	(3,052)
Exchange movements	-	(13)	-	(13)
At 31 March 2023	428,845	38,096	395,426	862,367
Additions	981	233	55,997	57,211
Acquisitions through business combinations	258,508	1,371	-	259,879
Reclassifications	(6,125)	6,410	(285)	-
Exchange movements	2,777	12	-	2,789
At 30 June 2023	**684,986**	**46,122**	**451,138**	**1,182,246**
Depreciation				
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
Provided during the period	6,231	1,706	-	7,937
Disposals	(43)	(2,951)	-	(2,994)
Exchange movements	-	(13)	-	(13)
At 31 March 2023	78,423	26,339	-	104,762
Provided during the period	3,144	882	-	4,026
Exchange movements	11	-	-	11
At 30 June 2023	**81,578**	**27,221**	**-**	**108,799**
Net book value				
At 30 June 2023	**603,408**	**18,901**	**451,138**	**1,073,447**
At 31 March 2023	350,422	11,757	395,426	757,605
At 30 June 2022	285,006	10,629	185,635	481,270
At 31 March 2022	286,804	10,774	122,472	420,050

Notes to the Condensed Consolidated Financial Statements (continued)
for the three month period ended 30 June 2023

10. Property, plant and equipment (continued)

As at 30 June 2023, 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.

During the period ended 30 June 2023, informed by an exercise carried out by the Group's advisors to categorise amounts spent on recently completed capital projects, elements of asset cost were reclassified between freehold buildings and fixtures, fittings and equipment.

11. Trade and other receivables

	30 Jun 2023 £'000	30 Jun 2022 £'000	31 Mar 2023 £'000
Amount falling due within one year:			
Trade receivables	**4,891**	4,622	4,726
Prepayments and other receivables	**11,542**	15,710	12,997
Term loan interest prepayment	**626**	-	-
Corporation tax receivable	**1,019**	338	492
Value added tax	**9,158**	5,827	12,031
	27,236	26,497	30,246
Amount falling due after more than one year:			
Loans due from parent undertakings	**227,862**	342,583	350,893
	227,862	342,583	350,893
	255,098	369,080	381,139

Amounts due from the parent company are due for repayment in September 2025 and bear interest at 3.55%. During June 2023, the parent company repaid £125 million of this loan.

12. Deposits

	30 Jun 2023 £'000	30 Jun 2022 £'000	31 Mar 2023 £'000
Deposits	**-**	65,049	-

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

13. Share capital

	30 Jun 2023 £'000	30 Jun 2022 £'000	31 Mar 2023 £'000
1,000 Ordinary shares of £1 each (30 June 2022: 1,000 Ordinary shares of £1 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.

14. Business Combination

Acquisition of Pinewood Toronto Studios

On 3 May 2023, the Group announced the completion of the acquisition of the Pinewood Toronto Studios group of companies.

Pinewood Toronto Studios is a state of the art, purpose-built film and TV studio located minutes from downtown Toronto. As the largest film and TV studio in Ontario, the business offers 490,000 square feet of production space across 16 purpose-built sound stages.

The table below shows the fair values of acquired identifiable assets and liabilities and goodwill. These values are provisional and may be updated as new information becomes available.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Total £'000
Assets	
Non-current assets	
Property, plant and equipment	**259,879**
	259,879
Current assets	
Trade and other receivables	**2,733**
Cash and cash equivalents	**4,673**
	7,406
Total assets	**267,285**
Non-current liabilities	
Deferred tax liabilities	**(45,754)**
	(45,754)
Current liabilities	
Trade and other payables	**(14,738)**
Total liabilities	**(60,492)**
Total identifiable net assets	**206,793**
Goodwill	**46,438**
Total purchase consideration	**253,231**

Notes to the Condensed Consolidated Financial Statements (continued)
for the three month period ended 30 June 2023

14. Business Combination (continued)

Consideration

	Total £'000
Consideration to purchase equity and settle debt	247,668
Transaction costs of business combination	4,206
Cash flow hedge reclassified to goodwill	1,357
Total purchase consideration	253,231

The goodwill arising on acquisition is mainly attributable to deferred tax liabilities arising as a result of adjustments to the acquiree's book values to recognise buildings at their fair value as at the acquisition date. Certain intangible assets, such as customer contracts are considered inseparable from the business as a whole, and have therefore been recognised within goodwill. Goodwill will be amortised over its estimated useful economic life of ten years, and is allocated to the Global Studios reporting segment.

15. 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.

Cashflow hedge reserve
The cashflow hedge reserve represents the effective part of forward contracts designated as hedges of the variability in cash flows arising from foreign currency and interest rate risk associated with firm commitments and highly probable forecast transactions.

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

Notes to the Condensed Consolidated Financial Statements (continued)

for the three month period ended 30 June 2023

16. Interest bearing loans and borrowings

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

	Maturity	30 Jun 2023 £'000	30 Jun 2022 £'000	31 Mar 2023 £'000
Non-current borrowings:				
3.25% senior secured notes	September 2025	**748,655**	748,138	748,571
3.625% senior secured notes	November 2027	**297,983**	297,577	297,881
Term loans	April 2028	**102,715**	-	-
Other credit facilities	March 2025/ May 2027/ April 2028	**-**	-	-
Non-current drawn loan facilities		**1,149,353**	1,045,715	1,046,452
Current borrowings				
Senior secured notes interest accruals		**7,464**	7,482	4,052
Current drawn loan facilities		**7,464**	7,482	4,052
Total Borrowings				
Senior secured notes		**1,046,638**	1,045,715	1,046,452
Senior secured notes interest accruals		**7,464**	7,482	4,052
Term loans		**102,715**	-	-
		1,156,817	1,053,197	1,050,504

Other credit facilities consist of a UK revolving credit facility that bears interest at SONIA plus a variable margin when drawn. £15 million of the facility expires in March 2025, with the remaining £60 million expiring in May 2027. The remainder of the Group's other credit facilities arise in Canada for a total of C$5 million, bearing interest at a floating rate plus a margin when drawn. The C$ facilities expire in April 2028.

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.

The term loan is for a principal amount of C$175 million and carries interest at a floating rate linked to CDOR. Interest is payable quarterly in advance in May, August, November and February. The loan may be repaid each quarter without penalty until April 2028. The loan is designated as a hedged item in a cash flow hedging relationship with the Group's C$ interest rate swap in order to mitigate interest rate risk arising from the floating rate.

UK facilities are secured on certain principal UK assets of the Group. Canadian facilities are secured on the Group's Canadian assets, and are guaranteed by Pinewood Group Limited.

Notes to the Condensed Consolidated Financial Statements (continued)
for the three month period ended 30 June 2023

16. Interest bearing loans and borrowings (continued)

The available drawn and undrawn committed facilities are as follows.

At 30 June 2023	Within 1 year £'000	1 – 5 years £'000	5+ years £'000	Total £'000
Facilities:				
Senior secured notes	-	1,050,000	-	1,050,000
Term loans	-	104,031	-	104,031
Other credit facilities	-	77,972	-	77,972
Total facilities	**-**	**1,232,003**	**-**	**1,232,003**
Drawn loans:				
Senior secured notes	-	(1,050,000)	-	(1,050,000)
Term loans		(104,031)		(104,031)
Other credit facilities	-	-	-	-
Total drawn loans	**-**	**(1,154,031)**	**-**	**(1,154,031)**
Undrawn facilities:				
Senior secured notes	-	-	-	-
Other credit facilities	-	77,972	-	77,972
Undrawn committed facilities	**-**	**77,972**	**-**	**77,972**

At 30 June 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	-	750,000	300,000	1,050,000
Total facilities	-	825,000	300,000	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	-	75,000	-	75,000
Senior secured notes	-	-	-	-
Undrawn committed facilities	-	75,000	-	75,000

17. Derivative financial instruments

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

	30 Jun 2023 £'000	30 Jun 2022 £'000	31 Mar 2023 £'000
Derivative financial assets carried at fair value through profit or loss:			
Non-current derivative financial instrument assets	**1,870**	424	1,258
Financial assets in cash flow hedging relationships			
Non-current derivative financial instrument assets	**705**	-	-
Current derivative financial instrument assets	**1,761**	-	-

Interest rate swaps

To minimise the volatility in cash flows from a change in benchmark interest rates in the Group's issued debt and available facilities, the Group holds interest rate swaps as economic hedges against drawn undrawn debt facilities. The main terms of the Group's interest rate swaps, including the notional amounts, are detailed below.

Effective interest rate %	**Maturity**	**30 Jun 2023**	30 Jun 2022	31 Mar 2023
2.00% + variable margin	April 2025	**£25m**	£25m	£25m
3.52% + variable margin	February 2028	**C$175m**	-	-

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

The Canadian dollar swap is a designated in a cash flow hedging relationship with the Group's floating rate Canadian dollar term loan. Accordingly gains and losses are recognised in other comprehensive income and recycled to interest payable in order to achieve a fixed rate of interest charged on the loan. In line with interest payable over the term of the loan, interest payments on the swap are made quarterly in advance.

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

18. Trade and other payables

	30 Jun 2023 £'000	30 Jun 2022 £'000	31 Mar 2023 £'000
Trade payables	**8,741**	1,805	9,190
Corporation tax payable	**-**	145	-
Other payables	**721**	557	464
Accruals and deferred income	**51,150**	32,801	64,915
Amounts due to parent company	**7,235**	9,810	6,410
Capital expenditure related payables	**44,504**	37,402	53,033
	112,351	82,520	134,012

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.

18. Trade and other payables (continued)

At 30 June 2023, the Group had capital commitments contracted for, but not provided in the financial statements, of £84.2 million (30 June 2022: £317.2 million) in respect of property, plant and equipment, mainly arising from the expansion of Shepperton Studios.

19. Events after the reporting date

There are no events after the reporting date requiring adjustment or disclosure in the financial statements.

20. Principal risks and uncertainties

As described in note 14, the Group acquired the Pinewood Toronto Studios business in May 2023, thereby increasing its international operations and net asset base. The Group has limited its exposure to Canadian dollar currency and interest rate risk through its partial financing of the acquisition using a Canadian dollar loan, along with an associated interest rate swap. The acquisition increases diversity in the geographical presence of the Group's operations, proportionately reducing exposure to the UK economic environment and Government policy. As in the UK, the Group monitors the cultural and economic contribution that screen-based industries make to the Canadian economy.

There are no other significant changes to the principal risks and uncertainties disclosed in the consolidated financial statements of Pinewood Group Limited.