Pinewood Group Limited

Report as at and for

the 6 months to

30 September 2023

Second 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 September 2023 was £4.9 billion, a 23% decrease on the prior 12-month period due to the US writers' and actors' strikes.
- Members of the Writers' Guild went on strike in May and were joined by the Screen Actors' Guild in July. The Writers' Guild has since agreed terms with the major production companies and members have returned to work. The industry is hopeful of the actors' strike being resolved in the near term.
- The studios were quiet in the quarter, with most productions at the studios now on hiatus following the start of the actors' strike in July.
- The Group remained resilient to the strikes due to the predominantly long-term contracts in place for the rental of our Global Studios' accommodation. Adjusted EBITDA improved by 22% to £41.3 million (Q2 YTD FY23: £33.8 million), with an Adjusted EBITDA margin of 60% (Q2 YTD FY23: 61%).
- The Group completed and opened a £1 million project to enhance the biodiversity of the River Ash, along the boundary of Shepperton Studios and to make the river bank more accessible to the public. The Group provided a £0.3 million grant to fund its future maintenance for the community.
- David Conway joined Pinewood Group as Chief Executive on 6 November.

Strategic highlights

- Good progress continues to be made with our UK expansion programme. All the space currently under construction is pre-let on long term contracts:
  - Shepperton North West: construction completed in September and the project delivered three sound stages and other production accommodation (c.165k sq ft total area) together with a six-acre backlot. Prime Video's (Amazon) lease started in early October;
  - Shepperton South: the project will deliver 14 sound stages and other production accommodation (c. 775k sq ft total area). Internal fit out of the stages, workshops and offices are progressing at pace with completion expected during Q1 CY24;
  - Pinewood South (a potential future project): the revised planning consent was granted by Buckinghamshire Council in February 2023. The scheme will deliver 1.4 million sq ft of production accommodation, an education and business hub and a nature reserve. Design and feasibility analysis of the project is ongoing.

Financial highlights

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

	6 months to 30 Sep 2023 £'000	**6 months to 30 Sep 2022 £'000**	**Year to 31 Mar 2023 £'000**
Turnover	**68,415**	55,322	120,506
Adjusted EBITDA	**41,258**	33,755	76,042
Adjusted EBITDA margin	**60.3%**	61.0%	63.1%
Cash generated from operations	**12,413**	(2,917)	74,306
Adjusted capital expenditure*	**(134,129)**	(134,441)	(313,166)
Senior secured notes	**(1,050,000)**	(1,050,000)	(1,050,000)
Bank loans	**(105,597)**	-	-
Cash and cash equivalents	**89,267**	306,075	252,172
Deposits with tenure less than 1 year	**-**	65,109	-
Adjusted net debt	**(1,066,330)**	(678,816)	(797,828)

Paul Golding, Chairman, commented:

"I am delighted to have completed the construction of Shepperton North West, which marks a delivery milestone for our Shepperton Studios' expansion. The accommodation is let under a long-term contract to Prime Video, and we are thrilled to welcome them to Shepperton Studios.

During the quarter, whilst the industry strikes have brought most content production to a temporary standstill, all three of our studios remained available to our customers under the terms of their contracts. Our results showed a strong improvement on the prior year period, and production activity is expected to bounce back once the actors' strike is resolved.

Finally, I am pleased to welcome David Conway as the new CEO of Pinewood. David joined us on Monday of this week, and I look forward to working closely with him."

The next Investor update is scheduled for 21 February 2024.

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 September 2023 ("Q2 FY24"), and the comparative period as of and for the 3 months ended 30 September 2022 ("Q2 FY23") prepared in accordance with FRS 104: "Interim Financial Reporting".
- The unaudited consolidated financial information of the Group as of and for the 6 months ended 30 September 2023 ("Q2 YTD FY24"), and the comparative period as of and for the 6 months ended 30 September 2022 ("Q2 YTD 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 September 2023

Adjusted results of operations

	3 months to		6 months to	
	30 Sep 2023 £'000	30 Sep 2022 £'000	**30 Sep 2023 £'000**	30 Sep 2022 £'000
Turnover	**32,724**	27,256	**68,415**	55,322
Cost of sales	**(15, 181)**	(11,778)	**(31,010)**	(23,791)
Gross profit	**17,543**	15,478	**37,405**	31,531
Selling, distribution and administrative expenses	**(3,766)**	(2,392)	**(7,067)**	(4,641)
Other operating (expense)/income	**-**	(31)	**-**	(23)
Operating profit	**13,777**	13,055	**30,338**	26,867
(Loss)/ Income from participating interests	**(670)**	657	**(207)**	1,426
Interest receivable and similar income	**2,243**	5,107	**6,160**	8,808
Interest payable and similar charges	**(10,817)**	(9,289)	**(21,896)**	(18,445)
Profit before taxation	**4,533**	9,530	**14,395**	18,656
Tax charge	**(1,943)**	(2,079)	**(4,926)**	(4,119)
Profit after taxation	**2,590**	7,451	**9,469**	14,537

Turnover

Revenue during the quarter was £32.7 million, an increase of 20% or £5.5 million since the prior year period (Q2 FY23: £27.3 million). Much of the improvement was due to additional studio capacity created through 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.

Despite the industry strikes, overall, the underlying business revenues also trended upwards. The Global Studios business performed strongly, with all our UK production accommodation let to customers under long-term contracts, and the Media Hub accommodation substantially let under contract with a 93% occupancy rate. The long-term contracts contain annual inflation-linked indexation provisions, which have resulted in our revenues increasing compared with the prior year period. Further, at the request of our customers, the Group sold some of their unutilised space to other productions, so generating additional revenue above that of the long-term contracts.

The writers' and actors' strikes had a contained impact on the Group in the quarter, given the relative size of the Global Studios business where all production accommodation except five stages in the Toronto studios were let under contract. However, revenues from the smaller Production Services business declined by £2.0 million compared with the prior year quarter, mainly due to a decline in the commissioning of shows by UK TV production houses, lower revenue share from our associate studio lighting business, and a reduction in international versioning activity for the Post-production business.

This brought revenues in the first half of the year to £68.4 million, which was £13.1m above that of the prior period (Q2 YTD FY23: £55.3 million). The additional studio capacity from our growth projects delivered over half of this increase. The remainder of the revenue improvement was mainly from the indexation provisions in the long-term contracts, a higher level of resale income throughout the first half, slightly offset by reductions in the Production Services business in Q2 FY24, as described above.

Cost of sales

Cost of sales was £15.2 million in the quarter (Q2 FY23: £11.8 million). Increased depreciation, as a result of the Group's growth projects noted above, contributed £2.3 million of the £3.4 million quarter-on-quarter increase, and the remainder was mainly from an uplift in costs resulting from the addition of the Toronto studios. Otherwise, business rates increased following the VOA's recent uplift in the rateable value of the UK studios, which was mainly offset by lower energy charges due to the production hiatus during the strikes.

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.

Cost of sales totalled £31.0 million at the half year, which is £7.2 million higher than the prior period (Q2 YTD FY23: £23.8 million). Five months of additional depreciation and costs in running the Toronto studios contributed £4.8 million to this increase, with the vast majority relating to depreciation as described above. The remaining uplift was mainly from increased business rates charges in the UK, a continuation of our maintenance works throughout the strike period, and a level of general cost inflation in running the studios.

Gross profit

Gross profit for the quarter was £17.5 million (Q2 FY23: £15.5 million), with the £2.0 million improvement to the prior year quarter largely from the increased studio capacity at Pinewood and Toronto, partially offset by the resultant higher depreciation charges, and a higher level of resale income.

Gross profit at half year of £37.4 million, was a 19% or £5.9 million improvement on the prior year period (Q2 YTD FY23: £31.5 million). The increase in Global Studios contribution from additional capacity both at Pinewood and Toronto, lease indexation and resale income, more than offset the increase in depreciation charges, UK business rates, other cost inflation and the relatively contained impact of the strikes on our Production Services business.

The gross profit margin at half year of 54.7% was 2.3ppt below the prior year period (Q2 FY23: 57.0%), 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, administrative and other income/ expenses**

Selling, distribution, administrative and other expenses were £3.8 million in the quarter and £7.1 million in the first half of the year (Q2 FY23: £2.4 million; Q2 YTD FY23: £4.7 million). The £1.4 million and £2.4 million increases, respectively, were largely driven by the addition of the Toronto studios to the Group, with £1.1 million and £1.9 million of these increases attributed to the amortisation of goodwill arising on acquisition.

Operating profit **

Adjusted operating profit for the quarter of £13.8 million was £0.7 million above the prior year period (Q2 FY23: £13.1 million), and at £30.3 million in the first half, was a £3.6 million improvement from Q2 YTD FY23 of £26.9 million.

The resultant year to date operating profit margin of 44.3% was 4.3ppt lower than the prior year period (Q2 YTD FY23: 48.6%). As with the Gross profit margin impact noted above, the margin 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 the 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. During the quarter, the company was impacted by the strikes, with lighting services significantly curtailed during the production hiatus. The business has recognised losses in this period, and Pinewood Group has recognised its £0.7 million or 25% share of these losses in the quarter. Having earned profits of £0.5 million in the first quarter of FY24, the £0.7 million loss in Q2 FY24 took our share of total results to a loss of £0.2 million in the first half (Q2 YTD FY23: £1.4 million profit). As a result, the carrying value of the Group's equity interest in PMBS has declined to £5.5 million from £5.7 million at the start of the year.

Interest receivable and similar income

Interest receivable and similar income in the quarter of £2.2 million, was £2.9 million lower than the prior period (Q2 FY23: £5.1 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 longstanding receivable from the parent, interest receivable from the parent reduced by £1.1 million to £1.7 million. Further, the prior year quarter included a fair value gain on the Group's derivative financial instruments, which was £1.8 million above that of the £0.3 million loss recognised in the quarter (Q2 FY23: £1.5 million gain).

Interest receivable in Q2 YTD FY24 of £6.2 million, was £2.6 million below the prior year period (Q2 YTD FY23: £8.8 million). As with the quarter, this was mainly due to the decline in interest income from the parent and the lower fair value gain on the Group's derivative financial instruments in the first half of the year. Partially offsetting this was £0.5 million higher bank interest receivable in the first half of this year.

Interest payable and similar charges

Interest payable and similar charges, at £10.8 million in the quarter, were £1.5 million higher than that of the prior year quarter (Q2 FY23: £9.3 million). In the year to date, interest payable totalled £21.9 million and was £3.5 million higher than that of the prior year quarter (Q2 YTD FY23: £18.4 million).

These increases included £0.9 million of net foreign exchange losses on C$ cash balances held prior to the execution of the acquisition of Pinewood Toronto Studios, with the remainder of the increase from bank interest payable on the new loan drawn to part-finance the acquisition.

Tax charge **

Adjusted Profit before tax in the quarter was £4.5 million (Q1 FY23: £9.5 million) and the tax charge for the period was £1.9 million (Q2 FY23: £2.1 million). This represents an effective tax rate of 42.9% (Q2 FY23: 21.8%), with the rate for Q2 FY24 particularly high due to the loss recognised from our lighting associate in the quarter, and the amortisation of goodwill on the acquisition of PTS, neither of which are deductible for tax purposes.

Adjusted Profit before tax in the first half was £14.4 million (Q2 YTD FY23: £18.7 million), with the uplift in operating profits more than offset by the decline in earnings from our lighting associate and the higher net interest charges.

The tax charge for the period was £4.9 million (Q2 YTD FY23: £4.1 million), which represents an effective tax rate of 34.2% (Q2 YTD FY23: 22.1%). The overall effective tax rate in FY24 is higher than the 25% main rate of UK corporation tax, whereas the effective rate in FY23 was lower than the 25% rate enacted in the Finance Act 2021. The tax charge for 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 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 in May 2023, the Group 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.
- ***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		6 months to	
	30 Sep 2023 £'000	30 Sep 2022 £'000	**30 Sep 2023 £'000**	30 Sep 2022 £'000
Revenue by operating segment				
Global Studios	**30,637**	23,193	**62,253**	47,240
Production Services	**2,087**	4,063	**6,162**	8,082
Total revenue	**32,724**	27,256	**68,415**	55,322
Revenue by Geography				
UK	**29,581**	26,876	**63,163**	54,587
North America	**3,143**	380	**5,252**	735
Total revenue	**32,724**	27,256	**68,415**	55,322
Contribution ***				
Global Studios	**27,512**	19,922	**54,732**	40,033
Production Services	**1,210**	2,796	**3,644**	5,667
Total segmental Contribution	**28,722**	22,718	**58,376**	45,700

Revenue

Global Studios revenue increased half-on-half due to the additional capacity at PTS since its acquisition on 3 May 2023 and the lease of five new stages under the long-term contract to Disney. Further, the business benefited from inflationary terms and the resale of unutilised space, under the terms of the long-term contracts with Disney and Netflix.

Production Services revenue was less than that of last year, following a change to the schedule of production content available for Post-production, a reduction in sales and marketing revenues following the cessation of the arrangement with PTS after its acquisition by the Group, and a reduction in revenue share from PMBS during the strikes.

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 in the first half of the year increased by £12.7 million, with Global Studios' contribution increasing by £14.7 million, broadly reflecting the increase in its revenue as noted above. Contribution from Production Services reduced by £2.0 million, which also reflected the reduction in the business revenues as noted above.

Adjusted EBITDA

Adjusted EBITDA in Q2 FY24 of £19.2 million was £2.7 million above that of the prior year quarter (Q2 FY23: £16.5 million). Adjusted EBITDA in Q2 YTD FY24 of £41.3 million was £7.5 million above that of the prior year period (Q2 YTD FY23: £33.8 million). Across the first half of the year, this was largely due to the improved earnings from the additional studio capacity at Pinewood and Toronto, lease indexation and resale income under the terms of the long-term contracts, partially offset by a general increase in the cost of running the studios due to continuing inflation, increases in UK business rates, and lower results from our associate lighting company and Post-production.

Adjusted EBITDA margin of 60.3% in the first half of the year was 0.7ppt lower than the 61.0% margin in Q2 YTD FY23. The additional higher contribution margin activity in Global Studios, broadly offset the cost pressures mentioned above and lower PMBS results.

Reconciliation of profit after taxation to adjusted EBITDA	**3 months to**		**6 months to**	
	30 Sep 2023 £'000	30 Sep 2022 £'000	**30 Sep 2023 £'000**	30 Sep 2022 £'000
Profit after taxation (incl. adjusted items)	**1,674**	7,451	**7,624**	14,537
Tax charge on profit	**1,564**	2,079	**4,163**	4,119
Net interest payable and other charges	**8,574**	4,182	**15,736**	9,637
Depreciation of property, plant and equipment	**4,745**	2,489	**8,771**	4,959
Amortisation of intangible assets	**1,365**	235	**2,356**	472
Loss on disposal of property, plant & equipment	**-**	31	**-**	31
EBITDA	**17,922**	16,467	**38,650**	33,755
Adjusted items	**1,295**	-	**2,608**	-
Adjusted EBITDA	**19,217**	16,467	**41,258**	33,755

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 first half of the year, the plan gave rise to adjusted charges of £2.6 million, with associated tax credits at 29.3% of £0.8 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 £89.3 million, having reduced from £154.1 million at the start of the quarter due to a cash outflow of c. £65.2 million and a foreign exchange gain of c. £0.4 million. Cash generated by operations before interest and tax, improved by £8.0 million since the prior year period to £7.5 million, predominantly due to a lower level of VAT paid to suppliers delivering our studio expansion programme, but also an uplift in the quarter due to the timing of receipts of resale income. After taking into account interest and tax, the Group used £5.6 million in its operating activities, invested £59.2 million mainly in its capital expenditure* programme predominantly in relation to the expansion programme at Shepperton, and used £0.4m to pay for arrangement fees in connection with financing the acquisition of the Toronto studios.

By the half year, the Group had used £6.9 million through its operating activities after net interest and tax and had invested £134.1 million in its capital expenditure* programme, predominantly for the Shepperton expansion programme. In relation to the PTS acquisition, the Group received £125.0 million of funding through a partial repayment of a loan receivable from its parent (investing activities) and drew down a bank loan net of arrangement fees of £101.7 million (financing activities). These funds and £21.4 million of the Group's own cash, were used to acquire PTS and pay associated transaction fees, together totalling £248.1 million (investing activities).

	3 months to		6 months to	
	30 Sep 2023 £'000	30 Sep 2022 £'000	**30 Sep 2023 £'000**	30 Sep 2022 £'000
Cash flow from operating activities before working capital changes	**18,590**	15,808	**38,854**	32,328
Net increase in working capital	**(11,095)**	(16,346)	**(26,441)**	(35,245)
Cash generated/ (used) from operations	**7,495**	(538)	**12,413**	(2,917)
Net interest paid	**(12,891)**	(11,766)	**(18,751)**	(16,615)
Net income tax paid	**(209)**	1	**(569)**	(68)
Net cash flow from operating activities	**(5,605)**	(12,303)	**(6,907)**	(19,600)
Investment in subsidiaries	**(1,593)**	-	**(248,086)**	-
Purchase of property, plant and equipment net of disposal proceeds	**(57,653)**	(84,919)	**(134,129)**	(134,441)
Repayment of loan by parent company	**-**	-	**125,000**	-
Net amounts placed on deposit	**-**	-	**-**	(25,000)
Net cash flow used in investing activities	**(59,246)**	(84,919)	**(257,215)**	(159,441)
Net cash flow (used by)/ from financing activities	**(416)**	-	**101,685**	-
Net decrease in cash and cash equivalents	**(65,267)**	(97,222)	**(162,437)**	(179,041)
Currency exchange movement	**417**	363	**(468)**	658
Cash and cash equivalents at the start of the period	**154,117**	402,934	**252,172**	484,458
Cash and cash equivalents at the end of the period	**89,267**	306,075	**89,267**	306,075

Net cash flow from operating activities

In the first half of the year, the Group used £6.9 million (Q2 YTD FY23: used £19.6 million) of cash through operating activities after interest and tax, reflecting an improvement of £12.7 million on the prior year period. This period-on-period improvement is due to the following factors:

i. A £6.5 million increase in cash flows from operating activities before movement in working capital to £38.9 million (Q2 YTD FY23: £32.3 million). This uplift mainly represents the £7.5 million increase in adjusted EBITDA as described above, less the pre-tax adjusted expense in relation to the LTIP scheme, and after adding back the non-cash share of results from participating interests and any unrealised foreign exchange losses.

ii. An £8.8 million improvement from working capital to £26.4 million outflow in Q2 YTD FY24 (Q2 YTD FY23: £35.2 million outflow). This improvement was largely due to the timing of VAT payments on the studio expansion programme, and the timing of subsequent receipts from HMRC, together with other timing differences regarding rental and resale income received in advance.

iii. A £2.1 million increase in net interest payments. This followed the Group raising a C$175.0 million bank loan to part fund the PTS acquisition in May 2023, with the related upfront quarterly interest payments of £3.8 million. Partially offsetting this, the Group received a higher level of bank interest in the period on cash balances held in interest bearing accounts.

iv. A £0.5 million increase in income tax paid to £0.6 million (Q2 YTD FY23: £0.1 million). The Group expects to claim capital allowances arising on spend in relation to the ongoing studio expansion programme in the UK, which will substantially offset UK taxable profits for FY24, in addition to those of FY23. Net tax payments of £0.4 million were made to the Canadian tax authorities.

Net cash flow from investing activities

Net cash outflow from investing activities totalled £257.2 million (Q2 YTD FY23: £159.4 million). The Group spent £134.1 million on capital expenditure* in the period, largely in respect of the Group's ongoing expansion programme at Shepperton Studios. In addition, as part of the PTS acquisition in Q1 FY24, the Group received a partial repayment of £125.0 million for the loan to its parent company and invested £248.1 million to acquire PTS.

In the prior year period, the Group invested £134.4 million in capital expenditure*. This spend mainly related to the Shepperton expansion programme, but also included investment in the new stages at Pinewood. The Group also 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 £101.7 million inflow (Q2 YTD FY23: £nil), with the Group drawing a bank loan 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 Sep 2023 £'000	**30 Sep 2022 £'000**	**31 Mar 2023 £'000**
Senior secured notes	(1,050,000)	(1,050,000)	(1,050,000)
Bank loans	(105,597)	-	-
Less:			
Cash and cash equivalents	89,267	306,075	252,172
Deposits with tenure less than 1 year	-	65,109	-
Adjusted net debt	**(1,066,330)**	**(678,816)**	**(797,828)**

Adjusted net debt at 30 September 2023 was £1,066.3 million, based on £1,050.0 million of senior secured notes, a bank loan of £105.6 million and cash and cash equivalents £89.3 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 36.8%. 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 and Shepperton North West (both completed) and Shepperton South) of c. £469 million, and the JLL valuation of the Pinewood Toronto Studios of C$445 million (c. £269 million) as of April 2023. On completion of all three UK expansion projects, the Group proforma LTV is expected to be approximately 39%.

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 September 2023

Company Registration Number: 03889552

Group Statement of Comprehensive Income

for the six month period ended 30 September 2023

		6 months ended 30 September 2023			6 months ended 30 September 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	**68,415**	**-**	**68,415**	55,322	-	55,322	120,506
Cost of sales		**(31,010)**	**-**	**(31,010)**	(23,791)	-	(23,791)	(50,790)
Gross profit		**37,405**	**-**	**37,405**	31,531	-	31,531	69,716
Selling and distribution costs		**(484)**	**-**	**(484)**	(505)	-	(505)	(1,066)
Administrative expenses		**(6,583)**	**-**	**(6,583)**	(4,136)	-	(4,136)	(7,685)
Other operating expenses		**-**	**(2,608)**	**(2,608)**	(23)	-	(23)	(8,229)
Operating profit/(loss)	4	**30,338**	**(2,608)**	**27,730**	26,867	-	26,867	52,736
(Loss)/income from participating interests	8	**(207)**	**-**	**(207)**	1,426	-	1,426	3,710
Interest receivable and similar income	5	**6,160**	**-**	**6,160**	8,808	-	8,808	16,405
Interest payable and similar charges	6	**(21,896)**	**-**	**(21,896)**	(18,445)	-	(18,445)	(36,778)
Profit/(loss) before taxation		**14,395**	**(2,608)**	**11,787**	18,656	-	18,656	36,073
Tax (charge)/credit	7	**(4,926)**	**763**	**(4,163)**	(4,119)	-	(4,119)	(7,935)
Profit/(loss) after taxation attributable to equity shareholders		**9,469**	**(1,845)**	**7,624**	14,537	-	14,537	28,138
Other comprehensive income								
Currency exchange differences		**3,738**	**-**	**3,738**	540	-	540	148
Net cash flow hedging gains (net of taxation)		**3,287**	**-**	**3,287**	-	-	-	-
Net cash flow hedging gains transferred to profit or loss		**(717)**	**-**	**(717)**	-	-	-	-
Total other comprehensive income		**6,308**	**-**	**6,308**	540	-	540	148
Total comprehensive income/(loss)		**15,777**	**(1,845)**	**13,932**	15,077	-	15,077	28,286

The notes on pages 18 to 30 form part of these financial statements.

Group Statement of Financial Position
as at 30 September 2023

	Note	**30 Sep 2023 £'000**	30 Sep 2022 £'000	31 Mar 2023 £'000
Assets				
Non-current assets				
Intangible assets	9	**49,243**	4,455	4,016
Property, plant and equipment	10	**1,150,226**	580,375	757,605
Interests in associates	8	**10,129**	7,700	10,157
Derivative financial instruments	16	**4,861**	1,997	1,258
Trade and other receivables	11	**229,523**	345,353	350,893
		1,443,982	939,880	1,123,929
Current assets				
Inventories		**81**	89	106
Derivative financial instruments	16	**1,742**	-	-
Trade and other receivables	11	**23,893**	23,975	30,246
Deposits	12	**-**	65,109	-
Cash and cash equivalents		**89,267**	306,075	252,172
		114,983	395,248	282,524
Total assets		**1,558,965**	1,335,128	1,406,453
Equity and liabilities				
Share capital	13	**1**	1	1
Translation reserve	14	**5,875**	2,529	2,137
Cashflow hedge reserve	14	**3,927**	-	-
Retained earnings	14	**213,646**	192,421	206,022
Total equity		**223,449**	194,951	208,160
Non-current liabilities				
Interest bearing loans and borrowings	15	**1,151,336**	1,046,033	1,046,452
Deferred tax liabilities		**64,033**	9,453	13,777
		1,215,369	1,055,486	1,060,229
Current liabilities				
Interest bearing loans and borrowings	15	**4,112**	4,112	4,052
Trade and other payables	17	**116,035**	80,579	134,012
		120,147	84,691	138,064
Total liabilities		**1,335,516**	1,140,177	1,198,293
Total equity and liabilities		**1,558,965**	1,335,128	1,406,453

Group Statement of Cash Flows

for the six month period ended 30 September 2023

	Note	6 months ended 30 Sep **2023** **£'000**	2022 £'000	Year ended 31 Mar 2023 £'000
Cash flow from operating activities:				
Profit before taxation		**11,787**	18,656	36,073
Adjustments to reconcile profit before taxation to net cash flows:				
Depreciation and amortisation	4	**11,127**	5,431	11,359
Loss on disposal of property, plant and equipment	4	**-**	31	58
Loss/(income) from participating interests	8	**207**	(1,426)	(3,710)
Unrealised foreign exchange (gain)/loss		**(3)**	(1)	1
Interest receivable and similar income	5	**(6,160)**	(8,808)	(16,405)
Interest payable and similar charges	6	**21,896**	18,445	36,778
Cash flow from operating activities before changes in working capital		**38,854**	32,328	64,154
Decrease/(increase) in trade and other receivables		**7,387**	(7,892)	(11,513)
Decrease/(increase) in inventories		**25**	(43)	(60)
(Decrease)/increase in trade and other payables		**(33,853)**	(27,310)	21,725
Cash generated from/(used by) operations		**12,413**	(2,917)	74,306
Interest paid		**(21,516)**	(17,567)	(35,511)
Interest received		**2,765**	952	3,608
Net income tax (paid)/recovered		**(569)**	(68)	27
Net cash flow from operating activities		**(6,907)**	(19,600)	42,430
Cash flow (used in)/from investing activities:				
Investment in subsidiaries (net of acquired cash)		**(248,086)**	-	(1,722)
Purchase of property, plant and equipment		**(134,129)**	(134,849)	(314,278)
Purchase of intangible assets		**-**	(25)	(68)
Proceeds from disposal of property, plant and equipment		**-**	433	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		**(257,215)**	(159,441)	(274,888)
Cash flow from financing activities:				
Proceeds from term loan financing net of fees		**101,685**	**-**	-
Net cash flow from financing activities		**101,685**	-	-
Net decrease in cash and cash equivalents		**(162,437)**	(179,041)	(232,458)
Currency exchange movement		**(468)**	658	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		**89,267**	306,075	252,172

Reconciliation of Movement in Net Debt
for the six month period ended 30 September 2023

	6 months ended 30 September		Year ended
	2023	2022	31 Mar 2023
	£'000	£'000	£'000
Net decrease in cash and cash equivalents	**(162,437)**	(179,041)	(232,458)
Currency exchange movement	**(3,041)**	658	172
Payment of interest on loan notes	**17,580**	17,074	34,744
Payment of interest on term loan (net of cash flow hedging receipt)	**2,938**	-	-
Proceeds from term loan financing (net of fees paid)	**(101,685)**	-	-
Interest expense on term loan (including effect of cash flow hedging)	**(2,494)**	-	-
Interest expense on loan notes	**(18,136)**	(18,116)	(36,145)
Derivative gains recognised in other comprehensive income	**5,327**	-	-
Movement in net debt	**(261,948)**	(179,425)	(233,687)
Net debt at the start of the period	**(798,332)**	(564,645)	(564,645)
Net debt at the end of the period	**(1,060,280)**	(744,070)	(798,332)
Net debt at the end of the period excluding restricted cash	**(1,061,968)**	(745,758)	(800,020)

Group Statement of Changes in Equity
for the six month period ended 30 September 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	**-**	**-**	**-**	**7,624**	**7,624**
Net cash flow hedging gains (net of tax)	**-**	**-**	**3,287**	**-**	**3,287**
Net cash flow hedging gains transferred to profit or loss	**-**	**-**	**(717)**	**-**	**(717)**
Currency exchange differences	**-**	**3,738**	**-**	**-**	**3,738**
Total comprehensive income for the period	**-**	**3,738**	**2,570**	**7,624**	**13,932**
Cash flow hedge reserves reclassified to goodwill	**-**	**-**	**1,357**	**-**	**1,357**
At 30 September 2023	**1**	**5,875**	**3,927**	**213,646**	**223,449**
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	-	-	-	14,537	14,537
Currency exchange differences	-	540	-	-	540
Total comprehensive income for the period	-	540	-	14,537	15,077
At 30 September 2022	1	2,529	-	192,421	194,951

Notes to the Condensed Consolidated Financial Statements

for the six month period ended 30 September 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 period.

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.

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

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 30 September 2023, the Group had recognised liabilities for contingent and deferred costs in relation to capital assets amounting to £33.1 million (31 March 2023: £20.6 million). These liabilities are recognised in capital expenditure related payables. The amounts have been capitalised in the gross cost of the related non-current assets, which are depreciated in line with the Group's accounting policies.

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, as 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 six months ended 30 September 2023, the plan gave rise to exceptional charges of £2.6 million with associated tax credits of £0.8 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 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.
- 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, cleaning and other costs that cannot be allocated by business line.

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

3. Segmental Reporting (continued)

Key information reported by business segment and geographic area is:

	6 months ended 30 Sep **2023** **£'000**	6 months ended 30 Sep 2022 (restated) £'000	Year ended 31 Mar 2023 (restated) £'000
Revenue by operating segment			
Global Studios	**62,253**	47,240	104,489
Production Services	**6,162**	8,082	16,017
Total revenue	**68,415**	55,322	120,506
Revenue by geography			
UK	**63,163**	54,587	118,986
North America	**5,252**	735	1,520
Total revenue	**68,415**	55,322	120,506
Contribution by operating segment			
Global Studios	**54,732**	40,033	87,811
Production Services	**3,644**	5,667	10,672
Total segmental Contribution	**58,376**	45,700	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.

	6 months ended 30 Sep **2023** **£'000**	6 months ended 30 Sep 2022 (restated) £'000	Year ended 31 Mar 2023 (restated) £'000
Total segmental Contribution	58,376	45,700	98,483
Indirect costs excluding depreciation	(12,200)	(9,210)	(18,360)
Depreciation	(8,771)	(4,959)	(10,407)
Gross profit	37,405	31,531	69,716

Notes to the Condensed Consolidated Financial Statements (continued)

for the six month period ended 30 September 2023

4. Operating profit

	6 months ended 30 Sep		Year ended
	2023	2022	31 Mar 2023
Operating profit is stated after charging/(crediting):	**£'000**	£'000	£'000
Depreciation of property, plant and equipment	**8,771**	4,959	10,407
Loss on disposal of property, plant and equipment	**-**	31	58
Operating lease payments	**1,219**	898	1,933
Net Government grants received	**-**	(8)	(8)
Amortisation of software	**202**	192	392
Amortisation of goodwill	**2,154**	280	560
Net foreign exchange losses/(gains)	**3**	(7)	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

	6 months ended 30 Sep		Year ended
	2023	2022	31 Mar 2023
	£'000	£'000	£'000
On financial instruments measured at amortised cost:			
Interest receivable from associates	**179**	166	339
Interest receivable on loan due from parent undertaking	**3,630**	5,540	11,080
Bank interest receivable	**1,549**	1,044	3,814
Other interest receivable	**342**	222	44
	5,700	6,972	15,277
On financial instruments measured at fair value through profit or loss:			
Gains on derivative financial instruments (including interest accruals)	**460**	1,836	1,128
	460	1,836	1,128
	6,160	8,808	16,405

6. Interest payable and similar charges

	6 months ended 30 Sep		Year ended
	2023	2022	31 Mar 2023
	£'000	£'000	£'000
On financial instruments measured at amortised cost:			
Senior secured notes	**18,136**	18,116	36,145
Term loan	**2,494**	-	-
On other instruments:			
Other interest	**1,266**	329	633
	21,896	18,445	36,778

Notes to the Condensed Consolidated Financial Statements (continued)

for the six month period ended 30 September 2023

7. Taxation

Analysis of charge for the period:	6 months ended 30 Sep **2023** **£'000**	2022 £'000	Year ended 31 Mar 2023 £'000
Current tax:			
UK corporation tax charge	**91**	23	60
Amounts payable for group tax relief	**869**	-	-
Foreign income tax	**23**	11	21
Foreign tax suffered	**35**	34	104
Double taxation credit	**(24)**	(23)	(57)
Amounts under/(over) provided in previous periods	**-**	107	(484)
	994	152	(356)
Deferred tax:			
Relating to origination and reversal of timing differences	**3,169**	3,967	7,692
Amounts under provided in previous periods	**-**	-	599
	3,169	3,967	8,291
Tax charge in the Group statement of comprehensive income	**4,163**	4,119	7,935
The tax charge in the Group statement of comprehensive income comprises:			
Tax charge on profit for the period before adjusted items	**4,926**	4,012	9,374
Amounts under provided in previous periods before adjusted items	**-**	107	115
Tax credit on adjusted items	**(763)**	-	(1,554)
Tax charge in the Group statement of comprehensive income	**4,163**	4,119	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 £1.4 million in respect of cash flow hedging (30 September 2022: £nil).

8. Interests in associates

	30 Sep 2023 **£'000**	30 Sep 2022 £'000	31 Mar 2023 £'000
Equity	**5,456**	3,379	5,663
Loan notes	**4,673**	4,321	4,494
Total investment in associates	**10,129**	7,700	10,157

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

	30 Sep 2023 **£'000**	30 Sep 2022 £'000	31 Mar 2023 £'000
At beginning of period	**5,663**	1,953	1,953
Share of (loss)/profit	**(207)**	1,426	3,710
At end of period	**5,456**	3,379	5,663

8. Interests in associates (continued)

At 30 September 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
At 1 April 2023	4,086	5,604	9,690
Acquisitions through business combinations	-	46,438	46,438
Exchange differences	-	1,196	1,196
At 30 September 2023	**4,086**	**53,238**	**57,324**
Amortisation			
At 1 April 2023	1,191	4,483	5,674
Provided during the period	202	2,154	2,356
Exchange differences	10	41	51
At 30 September 2023	**1,403**	**6,678**	**8,081**
Net book value			
At 30 September 2023	**2,683**	**46,560**	**49,243**
At 31 March 2023	2,895	1,121	4,016

On 3 May 2023, the Group announced the completion of the acquisition of the Pinewood Toronto Studios group of companies giving rise to goodwill of £46.4 million. The Company reported the details of the acquisition in the interim condensed financial statements for the period ended 30 June 2023 and these are publicly available on the Company's website.

Notes to the Condensed Consolidated Financial Statements (continued)

for the six month period ended 30 September 2023

10. Property, plant and equipment

	Freehold land and buildings £'000	Fixtures, fittings and equipment £'000	Assets under construction £'000	Total £'000
Cost				
At 1 April 2023	428,845	38,096	395,426	862,367
Additions	7,061	186	127,558	134,805
Acquisitions through business combinations	258,508	1,371	-	259,879
Reclassifications	87,645	28,405	(116,050)	-
Exchange movements	6,750	36	-	6,786
At 30 September 2023	**788,809**	**68,094**	**406,934**	**1,263,837**
Depreciation				
At 1 April 2023	78,423	26,339	-	104,762
Provided during the period	6,955	1,816	-	8,771
Exchange movements	71	7	-	78
At 30 September 2023	**85,449**	**28,162**	**-**	**113,611**
Net book value				
At 30 September 2023	**703,360**	**39,932**	**406,934**	**1,150,226**
At 31 March 2023	350,422	11,757	395,426	757,605

As at 30 September 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.

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

11. Trade and other receivables

	30 Sep 2023 £'000	30 Sep 2022 £'000	31 Mar 2023 £'000
Amount falling due within one year:			
Trade receivables	**4,500**	3,917	4,726
Prepayments and other receivables	**12,606**	8,599	12,997
Term loan interest prepayment	**745**	-	-
Corporation tax receivable	**1,173**	362	492
Value added tax	**4,869**	11,097	12,031
	23,893	23,975	30,246
Amount falling due after more than one year:			
Loans due from parent undertakings	**229,523**	345,353	350,893
	229,523	345,353	350,893
	253,416	369,328	381,139

Amounts due from the parent company are due for repayment in September 2025 and bear interest at 3.55%. During the six months ended 30 September 2023, the parent company repaid £125 million of this loan.

12. Deposits

	30 Sep 2023 £'000	30 Sep 2022 £'000	31 Mar 2023 £'000
Deposits	**-**	65,109	-

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

13. Share capital

	30 Sep 2023 £'000	30 Sep 2022 £'000	31 Mar 2023 £'000
1,000 Ordinary shares of £1 each (30 September 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. 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.

15. Interest bearing loans and borrowings

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

	Maturity	30 Sep 2023 £'000	30 Sep 2022 £'000	31 Mar 2023 £'000
Non-current borrowings:				
3.25% senior secured notes	September 2025	**748,860**	748,355	748,571
3.625% senior secured notes	November 2027	**298,088**	297,678	297,881
Term loans	April 2028	**104,388**	-	-
Other credit facilities	March 2025/ May 2027/ April 2028	**-**	-	-
Non-current drawn loan facilities		**1,151,336**	1,046,033	1,046,452
Current borrowings				
Senior secured notes interest accruals		**4,112**	4,112	4,052
Current drawn loan facilities		**4,112**	4,112	4,052
Total Borrowings				
Senior secured notes		**1,046,948**	1,046,033	1,046,452
Senior secured notes interest accruals		**4,112**	4,112	4,052
Term loans		**104,388**	-	-
		1,155,448	1,050,145	1,050,504

Other credit facilities include 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 six month period ended 30 September 2023

15. Interest bearing loans and borrowings (continued)

The available drawn and undrawn committed facilities are as follows.

At 30 September 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	-	105,597	-	105,597
Other credit facilities	-	78,017	-	78,017
Total facilities	**-**	**1,233,614**	**-**	**1,233,614**
Drawn loans:				
Senior secured notes	-	(1,050,000)	-	(1,050,000)
Term loans		(105,597)		(105,597)
Other credit facilities	-	-	-	-
Total drawn loans	**-**	**(1,155,597)**	**-**	**(1,155,597)**
Undrawn facilities:				
Senior secured notes	-	-	-	-
Other credit facilities	-	78,017	-	78,017
Undrawn committed facilities	**-**	**78,017**	**-**	**78,017**

At 30 September 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

16. Derivative financial instruments

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

	30 Sep 2023 £'000	30 Sep 2022 £'000	31 Mar 2023 £'000
Derivative financial assets carried at fair value through profit or loss:			
Non-current derivative financial instrument assets	**1,447**	1,997	1,258
Financial assets in cash flow hedging relationships			
Non-current derivative financial instrument assets	**3,414**	-	-
Current derivative financial instrument assets	**1,742**	-	-

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 and undrawn debt facilities. The main terms of the Group's interest rate swaps, including the notional amounts, are detailed below.

	Maturity	**30 Sep 2023**	30 Sep 2022	31 Mar 2023
Receive SONIA/pay fixed	April 2025	**£25m**	£25m	£25m
Receive CDOR/pay fixed	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.

17. Trade and other payables

	30 Sep 2023 £'000	30 Sep 2022 £'000	31 Mar 2023 £'000
Trade payables	**9,933**	1,909	9,190
Corporation tax payable	**-**	252	-
Other payables	**492**	538	464
Accruals and deferred income	**33,776**	20,638	64,915
Amounts due to parent company	**7,279**	8,954	6,410
Capital expenditure related payables	**64,555**	48,288	53,033
	116,035	80,579	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.

17. Trade and other payables (continued)

At 30 September 2023, the Group had capital commitments contracted for, but not provided in the financial statements, of £44.3 million (30 September 2022: £219.0 million) in respect of property, plant and equipment, mainly arising from the expansion of Shepperton Studios.

18. Events after the reporting date

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

19. Principal risks and uncertainties

As described in the interim Financial Statements for the 3 months ended 30 June 2023, 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.