Pinewood Group Limited

Report as at and for

the 9 months to

31 December 2023

Third quarter highlights

Operational and industry highlights

- The BFI reported that the combined UK film and high-end television ("HETV") production spend for 2023 was £4.2 billion, 40% below the prior year due to the US writers' and actors' strikes.
- Members of the Screen Actors' Guild ended their strike having agreed terms with the major production companies in November and ratified terms in December. This followed the Writers' Guild of America ending their strike in September. Production activity, which was affected by the strikes, has resumed in 2024 as productions return from hiatus.
- The Group remained largely resilient to the strikes due to the predominantly long-term contracts in place for the rental of our Global Studios' production accommodation.
- Adjusted EBITDA improved by 20% to £63 million (Q3 YTD FY23: £52 million), principally driven by an increase in the Group's studio capacity since the prior year period. Adjusted EBITDA margin was 59% (Q3 YTD FY23: 62%).
- Pinewood Studios welcomed 4,000 young people from across the UK to its *Futures Festival 2023*, Europe's largest careers event for the film and TV industry. Supported by over 50 companies, this annual event educates and inspires students about the industry's many career opportunities.

Strategic highlights

- We are nearing the end of our current expansion programme. All the space presently under construction is pre-let under long term contracts:
  - Shepperton Expansion I (North West): construction of three sound stages and other production accommodation (c.165k sq ft total area) pre-let to Amazon MGM Studios (Amazon). This first phase of the studio expansion was completed in Q2 and the lease began in October 2023.
  - Shepperton Expansion II (South): construction of 14 sound stages and other production accommodation (c.775k sq ft total area), pre-let to Netflix and Amazon. Majority of the development (c.85% of total area) is due to be completed in February 2024, and the remainder in March 2024.
  - Pinewood Toronto Studios: The Group entered into a new long-term contract with Amazon for five stages at Pinewood Toronto Studios ('PTS'), further strengthening the Group's global relationship with Amazon.
  - Pinewood South (a potential future project): the revised planning consent was granted by Buckinghamshire Council in February 2023. The scheme provides for up to 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:

	9 months to 31 Dec 2023 £'000	**9 months to 31 Dec 2022 £'000**	**Year to 31 Mar 2023 £'000**
Turnover	**105,440**	84,724	120,506
Adjusted EBITDA	**62,627**	52,389	76,042
Adjusted EBITDA margin	**59.4%**	61.8%	63.1%
Cash generated from operations	**84,738**	77,419	74,306
Adjusted capital expenditure*	**(180,804)**	(243,732)	(313,166)
Senior secured notes	**(1,050,000)**	(1,050,000)	(1,050,000)
Bank loans	**(103,778)**	-	-
Revolving credit facility ('RCF')	**(12,000)**	-	-
Cash and cash equivalents	**120,311**	336,967	252,172
Adjusted net debt	**(1,045,467)**	(713,033)	(797,828)

David Conway, CEO, commented:

"Today we announce a solid set of results, with the business remaining largely resilient to the industry strikes and EBITDA reflecting the benefit of growing studio capacity.

I am delighted that we have substantially completed our expansion programme at Shepperton Studios, making this site the second largest film studios in the world, and with the new sound stages in the process of being handed over to Amazon and Netflix under long-term contracts. Also of note during the period is the new long-term contract with Amazon MGM Studios for five sound stages and ancillary accommodation at Pinewood Toronto Studios. This deal further underlines the strategic, long-term partnerships we have nurtured with some of the largest global producers of content.

Finally, I am thrilled to have joined Pinewood in November 2023, with its iconic history in the film and TV industry and its respected position in the market, and am looking forward to continuing to develop the business and focus on delivery of excellence to our customers."

The next Investor update is scheduled for 12 June 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, which cannot be allocated by business line

General information

Pinewood is the leading independent operator 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 high-end television 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 31 December 2023 ("Q3 FY24"), and the comparative period as of and for the 3 months ended 31 December 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 9 months ended 31 December 2023 ("Q3 YTD FY24"), and the comparative period as of and for the 9 months ended 31 December 2022 ("Q3 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 31 December 2023

Adjusted results of operations

	3 months to		9 months to	
	31 Dec 2023 £'000	31 Dec 2022 £'000	**31 Dec 2023 £'000**	31 Dec 2022 £'000
Turnover	**37,025**	29,402	**105,440**	84,724
Cost of sales	**(18,476)**	(13,008)	**(49,486)**	(36,799)
Gross profit	**18,549**	16,394	**55,954**	47,925
Selling, distribution and administrative expenses	**(3,693)**	(1,941)	**(10,760)**	(6,582)
Other operating (expense)/income **	**-**	-	**-**	(23)
Operating profit **	**14,856**	14,453	**45,194**	41,320
(Loss)/ Income from participating interests	**(791)**	1,203	**(998)**	2,629
Interest receivable and similar income	**1,670**	3,015	**7,830**	11,823
Interest payable and similar charges	**(11,077)**	(9,247)	**(32,973)**	(27,692)
Profit before taxation **	**4,658**	9,424	**19,053**	28,080
Tax charge **	**(1,975)**	(1,803)	**(6,901)**	(5,922)
Profit after taxation **	**2,683**	7,621	**12,152**	22,158

Turnover

Revenue during the quarter was £37.0 million, an increase of 26% or £7.6 million since the prior year period (Q3 FY23: £29.4 million). Much of the improvement was due to additional studio capacity created through our growth projects, namely, the new stages at Shepperton North West which opened in October 2023 (representing the first phase of the Shepperton Studios expansion), and the addition of Pinewood Toronto Studios ("PTS") to the Group in May 2023.

Despite the industry strikes during part of the quarter, underlying business revenues remained resilient due to the contracted nature of the majority of the Group's income. 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 very high 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 Group ended the quarter with all production accommodation let under contract, following the start of a new long-term contract with Amazon MGM Studios, during December 2023, for the five remaining stages at PTS. During Q1 CY24, the agreement between PTS and Netflix ended, and the associated four stages and other accommodation at PTS are now occupied under short-term hire agreements. Revenues from the smaller and ancillary Production Services business were £1.2 million lower than the prior year quarter, which was mainly due to a decline in the commissioning of shows by UK television broadcasters and the termination of the sales and marketing agreement for PTS following its acquisition by the Group.

From a year-to-date perspective, revenues in the nine months to 31 December 2023 grew to £105.4 million, which was £20.7 million above that of the prior year period (Q3 YTD FY23: £84.7 million). The additional studio capacity from our growth projects (Pinewood's five new stages, Shepperton expansion and acquisition of PTS) delivered over half of this increase. The remainder of the revenue improvement was mainly from the indexation provisions in the long-term contracts and a higher level of resale income throughout FY24, slightly offset by moderate reductions in the Post-production and TV businesses.

Cost of sales

Cost of sales was £18.5 million in the quarter (Q3 FY23: £13.0 million). Increased depreciation, as a result of the Group's growth projects noted above, contributed £3.0 million of the £5.5 million quarter versus quarter increase, with a further uplift in costs resulting from the addition of PTS. Additionally, the Group saw the anticipated increase in business rates following the Valuation Office Agency's recent uplift in the rateable value of UK studios, and inflationary increases in operational costs.

As noted, depreciation charges have increased due to our growth projects, which includes the acquisition of PTS in May 2023. 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 historical book value. Therefore, higher levels of depreciation have been recognised in cost of sales than would have been recorded in the PTS accounts before acquisition.

In the nine-month period to 31 December 2023, cost of sales totalled £49.5 million, which is £12.7 million higher than the prior period (Q3 YTD FY23: £36.8 million). Eight months of additional depreciation and costs in running PTS contributed around 60% to this increase, with the vast majority relating to depreciation as described above. The remaining uplift was mainly from increased depreciation and costs relating to the five new stages at Pinewood and the new Shepperton North West site, increased business rates across the existing UK accommodation since the revised valuations at the start of the financial year, and a level of general cost inflation to operate the studios.

Gross profit

Gross profit for the quarter was £18.5 million (Q3 FY23: £16.4 million), an improvement of £2.1 million since the prior year quarter. Gross profit for the nine months to 31 December 2023 amounted to £56.0 million, representing a 17% or £8.1 million improvement on the prior year period (Q3 YTD FY23: £47.9 million). The increase in Global Studios contribution from additional capacity at the UK studios and PTS, lease indexation and resale income, more than offset the increase in depreciation charges, UK business rates, other cost inflation and the relatively moderate impact of the strikes on our Production Services business.

The gross profit margin in the nine months to 31 December 2023 of 53.1% was 3.5ppt below the prior year period (Q3 YTD FY23: 56.6%), with the benefit of increased studio capacity and additional resale income being 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 totalled £3.7 million in the quarter and £10.8 million in nine months to 31 December 2023 (Q3 FY23: £1.9 million; Q3 YTD FY23: £6.6 million). The increases were principally driven by the acquisition of PTS, including the amortisation of goodwill arising on acquisition.

Operating profit **

Adjusted operating profit for the quarter of £14.9 million was £0.4 million above the prior year period (Q3 FY23: £14.5 million) and, at £45.2 million in the nine-month period, was a £3.9 million improvement from Q3 YTD FY23 of £41.3 million. The increase in gross profit was offset by increased amortisation charges as a result of the fair value accounting on acquisition of PTS.

The resultant year to date operating profit margin of 42.9% was 5.9ppt lower than the prior year period (Q3 YTD FY23: 48.8%). 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 lighting business, headed by PMBS Holding Limited ('PMBS'), offers lighting services across numerous UK-based film studios and has an exclusive lighting contract at the Group's UK studios. PMBS has been impacted by the strikes, with lighting services significantly curtailed during the production hiatus, and has recognised losses in this period.

The Group recognised its 25% share of these results in the quarter, amounting to a £0.8 million loss. Having recognised a net loss of £0.2 million in the first half of FY24, this took our share of total results to a loss of £1.0 million in the nine-month period (Q3 YTD FY23: £2.6 million profit). As a result, the carrying value of the Group's equity interest in PMBS has declined to £4.7 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 £1.7 million was £1.3 million lower than the prior period (Q3 FY23: £3.0 million). Interest income from the parent reduced by £1.1 million to £1.7 million, following the injection of £125.0 million of capital to fund the acquisition of PTS achieved by the partial repayment of the Group's loan to the parent company. Bank interest from deposits was also lower in the quarter, reducing by £0.6 million since the same period in the prior year, as cash was deployed into our studio expansion programme resulting in a reduction in the Group's average cash balances. The reduction in interest receivable was partially mitigated by an improved £0.4 million difference relating to the Group's UK derivative financial instruments.

Interest receivable in the nine months to 31 December 2023 of £7.8 million, was £4.0 million below the prior year period (Q3 YTD FY23: £11.8 million). This was mainly due to the reduction in interest income from the parent and a smaller fair value gain on the Group's derivative financial instruments in the nine-month period.

Interest payable and similar charges

Interest payable and similar charges, at £11.1 million in the quarter, were £1.9 million higher than that of the prior year quarter (Q3 FY23: £9.2 million). In the nine months to 31 December 2023, interest payable totalled £33.0 million and was £5.3 million higher than that of the prior year period (Q3 YTD FY23: £27.7 million).

These increases included £0.9 million of net foreign exchange losses on Canadian dollar cash balances held prior to the execution of the acquisition of PTS, with the remainder of the increase mainly from interest payable on the new bank loan drawn to part-finance the PTS acquisition.

Tax charge **

Adjusted Profit before tax in the quarter was £4.7 million (Q3 FY23: £9.4 million) and the tax charge for the period was £2.0 million (Q3 FY23: £1.8 million). This represents an effective tax rate of 42.4% (Q3 FY23: 19.1%), 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 nine-months to December 2023 was £19.1 million (Q3 YTD FY23: £28.1 million), with the uplift in operating profits largely offset by the decline in earnings from our lighting associate and the higher net interest charges.

The tax charge for the nine-month period was £6.9 million (Q3 YTD FY23: £5.9 million), which represents an effective tax rate of 36.2% (Q3 YTD FY23: 21.1%). As with Q3 FY23, the effective tax rate is impacted by the results of the lighting associate and amortisation of goodwill, neither of which are tax deductible. The underlying effective tax rate in FY23 is lower than the 25% main rate of UK corporation tax, as the rate was supressed by the permanent benefit of year one super-deduction capital allowances at 130% of qualifying spend.

Segmental reporting

Since the acquisition of PTS in May 2023, the Group has reported the following segments:

- ***Global Studios*** represents our core business, being the provision of production accommodation to film and high-end television 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		**9 months to**	
	31 Dec 2023 £'000	31 Dec 2022 £'000	**31 Dec 2023 £'000**	31 Dec 2022 £'000
Revenue by operating segment				
Global Studios	**33,809**	24,999	**96,062**	72,239
Production Services	**3,216**	4,403	**9,378**	12,485
Total revenue	**37,025**	29,402	**105,440**	84,724
Revenue by Geography				
UK	**33,409**	29,009	**96,572**	83,596
North America	**3,616**	393	**8,868**	1,128
Total revenue	**37,025**	29,402	**105,440**	84,724
Contribution ***				
Global Studios	**29,371**	21,217	**84,103**	61,250
Production Services	**2,109**	2,901	**5,753**	8,568
Total segmental Contribution	**31,480**	24,118	**89,856**	69,818

Revenue

In the nine-months to 31 December 2023, Global Studios revenue increased considerably on the prior year period, mainly due to the additional studio capacity in the Group. Five newly constructed stages at Pinewood and three new stages at Shepperton North West have been let under long-term contracts since October 2022 and October 2023 respectively, and the Group acquired PTS on 3 May 2023. Further, the business benefited from inflationary terms and the resale of unutilised space, under the terms of the long-term contracts.

Production Services revenue was less than that of the prior year period. This followed a change to the schedule of production content available for Post-production, and a reduction in the commissioning of TV shows by UK broadcasters (experienced across the market) and, hence, lower TV studio rentals. Further, the sales and marketing agreement with PTS ceased from May 2023 following the acquisition of the business by the Group.

*Contribution****

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

Contribution in the nine-month period increased by £20.0 million, with Global Studios' contribution increasing by £22.8 million, broadly reflecting the increase in its revenue as noted above. Contribution from Production Services reduced by £2.8 million, again linked to the revenue considerations noted above.

Adjusted EBITDA

Adjusted EBITDA in Q3 FY24 of £21.4 million was £2.7 million above that of the prior year quarter (Q3 FY23: £18.6 million). Adjusted EBITDA in the nine months ended 31 December 2023 of £62.6 million was £10.2 million above that of the prior year period (Q3 YTD FY23: £52.4 million).

The improvement in the nine months to 31 December 2023 was delivered by the additional studio capacity at all three studio sites, and lease indexation and resale income, both under the terms of the long-term contracts. This was partially offset by inflationary increases in the cost of running the studios, expected increases in UK business rates, lower results from PMBS and Post-production due to strike-related changes in production schedules, and a market-wide commissioning downturn affecting the TV business.

Adjusted EBITDA margin of 59.4% in the nine months to December 2023 was 2.4ppt lower than the 61.8% margin achieved in the same period a year earlier. This was because the additional higher contribution margin arising from studio expansion in Global Studios, was more than offset by the lower PMBS equity result caused by the strikes.

Reconciliation of profit after taxation to adjusted EBITDA	**3 months to**		**9 months to**	
	31 Dec 2023 £'000	31 Dec 2022 £'000	**31 Dec 2023 £'000**	31 Dec 2022 £'000
Profit after taxation (incl. adjusted items)	**1,943**	2,337	**9,567**	16,874
Tax charge on profit	**1,672**	239	**5,835**	4,358
Net interest payable and other charges	**9,407**	6,232	**25,143**	15,869
Depreciation of property, plant and equipment	**5,747**	2,738	**14,518**	7,697
Amortisation of intangible assets	**1,557**	240	**3,913**	712
Loss on disposal of property, plant & equipment	**-**	-	**-**	31
EBITDA	**20,326**	11,786	**58,976**	**45,541**
Adjusted items	**1,043**	6,848	**3,651**	**6,848**
Adjusted EBITDA	**21,369**	18,634	**62,627**	**52,389**

Adjusted items

During the financial year to 31 March 2023, 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 nine-month period to 31 December 2023, the plan gave rise to adjusted charges of £3.7 million, with associated tax credits at 29.2% of £1.1 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

At December 2023, the Group held cash and cash equivalents of £120.3 million, having increased from the start of the quarter by a cash inflow of £31.4 million, offset by a foreign exchange loss of £0.3 million.

During the quarter, cash generated from operations before interest and tax was £72.3 million (Q3 FY23: £80.3 million), with a significant proportion of the Group's rental income received annually in advance in December of each year. The £8.0 million quarter-on-quarter reduction was due to a £4.7 million improvement in Adjusted EBITDA excluding the results from participating interests, alongside a £5.8 million reduction in adjusted other operating expenses relating to the recapitalisation of the business in 2022, which was then more than offset by an £18.5 million reduction in working capital inflows. The change in working capital movements was largely from timing differences in revenue recognised and net cash received, in both periods, associated with the resale of unutilised space at the studios.

The Group generated £66.1 million from operating activities after interest and tax, invested £46.7 million in capital expenditure* (predominantly the Shepperton Studios expansion programme) and received £12.0 million from the Group's revolving credit facility ("RCF"). The RCF was drawn in early December to support the UK cash position, which was expected to briefly decline due to certain elements of capital expenditure arising before the receipt of rental income. The RCF was repaid during January 2024.

During the nine months to 31 December 2023, £59.2 million of cash was generated through the Group's operating activities after interest and tax, and £180.8 million was invested in capital expenditure*. In relation to the PTS acquisition, the Group received £125.0 million of funding through the partial repayment of a loan receivable from its parent and drew down a bank loan net of arrangement fees of £101.5 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 £247.9 million. In December, as noted above, £12.0 million of cash was drawn under the RCF for working capital purposes.

	3 months to		**9 months to**	
	31 Dec 2023 £'000	31 Dec 2022 £'000	**31 Dec 2023 £'000**	31 Dec 2022 £'000
Cash flow from operating activities before working capital changes	**21,127**	10,585	**59,981**	42,913
Net increase in working capital	**51,198**	69,751	**24,757**	34,506
Cash generated/ (used) by operations	**72,325**	80,336	**84,738**	77,419
Net interest paid	**(6,504)**	(4,604)	**(25,255)**	(21,219)
Net income tax refunded/ (paid)	**260**	(147)	**(309)**	(215)
Net cash flow from operating activities	**66,081**	75,585	**59,174**	55,985
Investment in subsidiaries	**144**	-	**(247,942)**	-
Purchase of property, plant and equipment net of disposal proceeds	**(46,675)**	(109,291)	**(180,804)**	(243,732)
Repayment of loan by parent company	**-**	-	**125,000**	-
Net amounts placed on deposit	**-**	65,000	**-**	40,000
Net cash flow used in investing activities	**(46,531)**	(44,291)	**(303,746)**	(203,732)
Net cash flow from financing activities	**11,835**	-	**113,520**	-
Net increase/ (decrease) in cash and cash equivalents	**31,385**	31,294	**(131,052)**	(147,747)
Currency exchange movement	**(341)**	(402)	**(809)**	256
Cash and cash equivalents at the start of the period	**89,267**	306,075	**252,172**	484,458
Cash and cash equivalents at the end of the period	**120,311**	336,967	**120,311**	336,967

Net cash flow from operating activities

The £59.2 million of cash generated through operating activities after interest and tax in the nine months ended 31 December 2023 reflected an improvement of £3.2 million on the prior year period. This period-on-period improvement is due to the following factors:

i. A £17.1 million increase in cash flows from operating activities before movement in working capital to £60.0 million (Q3 YTD FY23: £42.9 million). This uplift mainly represents the £10.2 million increase in adjusted EBITDA as described above, the benefit of a £3.3 million reduction in the adjusted other operating expense in relation to the LTIP scheme which commenced in Q3 FY23, and after adding back the non-cash share of results from participating interests which reduced period-on-period by £3.6 million and unrealised foreign exchange losses.

ii. A £9.7 million lower working capital inflows to a £24.8 million inflow in Q3 YTD FY24 (Q3 YTD FY23: £34.5 million inflow). This decline was largely due to the timing of receipt of resale income, with more cash received in advance of delivery in the prior year period but a higher unwinding of working capital in the period to 31 December 2023. This decrease was mitigated by an improved VAT position, as a result of rental and resale invoices raised in advance and capex invoices received in respect of our studio expansion programme.

iii. A £4.0 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 totalling £4.5 million. Partially offsetting this, the Group received a higher level of interest on its UK derivative financial instruments in the period.

iv. A £0.1 million increase in income tax paid to £0.3 million (Q3 YTD FY23: £0.2 million). The Group expects to claim capital allowances arising on expenditure 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 £0.6 million were made to the Canadian tax authorities, and a net £0.3 million tax refund was received in the UK from a finalised capital allowance claim.

Net cash flow from investing activities

Net cash outflow from investing activities totalled £303.7 million in the nine months ended 31 December 2023 (Q3 YTD FY23: £203.7 million). The Group spent £180.8 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 completed in May 2023, the Group received a partial repayment of £125.0 million for the loan to its parent company and invested £247.9 million to acquire PTS.

In the prior year period, the Group invested £243.7 million in capital expenditure* which also predominantly related to the Shepperton Studios expansion programme, but also included investment in the new stages at the Pinewood site. This expenditure was reduced by a net £40.0 million receipt of cash from short-term deposit accounts, where cash had been placed as part of the Group's treasury management programme.

Net cash flow from financing activities

Net cash flow from financing activities amounted to a £113.5 million inflow (Q3 YTD FY23: £nil), with the Group receiving of £101.5 million from a bank loan raised to fund the acquisition of PTS and £12.0 million of funds drawn from the RCF to support a reduction in working capital during December.

Adjusted Net debt

Adjusted net debt comprises the principal amount of the Group's senior secured notes, bank loans and any drawing under the Group's RCF (thereby ignoring interest accruals, capitalised issue fees paid and premiums received), net of cash and cash equivalents as well as deposits of tenure of no more than one year.

	31 Dec 2023 £'000	**31 Dec 2022 £'000**	**31 Mar 2023 £'000**
Senior secured notes	(1,050,000)	(1,050,000)	(1,050,000)
Bank loans	(103,778)	-	-
Revolving credit facility	(12,000)	-	-
Less:			
Cash and cash equivalents	120,311	336,967	252,172
Adjusted net debt	**(1,045,467)**	**(713,033)**	**(797,828)**

Adjusted net debt at 31 December 2023 was £1,045.5 million, based on £1,050.0 million of senior secured notes, a bank loan of £103.8 million, a one-month RCF drawing of £12.0 million and cash and cash equivalents of £120.3 million. During the period, cash, cash equivalents and bank deposits were 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 was to 35.7%. This is based on the UK valuation performed by JLL at September 2021, adjusted by capital expenditure on the three major expansion projects (Pinewood West new stages and Shepperton North West (both completed) as well as Shepperton South) of c.£510 million, as well as the JLL valuation of Pinewood Toronto Studios of C$445 million (c.£264 million) as of April 2023. On completion of all three UK expansion projects, the Group proforma LTV is expected to be approximately 37%.

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 31 December 2023

Company Registration Number: 03889552

Group Statement of Comprehensive Income

for the nine month period ended 31 December 2023

		9 months ended 31 December 2023			9 months ended 31 December 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	**105,440**	**-**	**105,440**	84,724	-	84,724	120,506
Cost of sales		**(49,486)**	**-**	**(49,486)**	(36,799)	-	(36,799)	(50,790)
Gross profit		**55,954**	**-**	**55,954**	47,925	-	47,925	69,716
Selling and distribution costs		**(883)**	**-**	**(883)**	(844)	-	(844)	(1,066)
Administrative expenses		**(9,877)**	**-**	**(9,877)**	(5,738)	-	(5,738)	(7,685)
Other operating expenses		**-**	**(3,651)**	**(3,651)**	(23)	(6,848)	(6,871)	(8,229)
Operating profit/(loss)	4	**45,194**	**(3,651)**	**41,543**	41,320	(6,848)	34,472	52,736
(Loss)/income from participating interests	8	**(998)**	**-**	**(998)**	2,629	-	2,629	3,710
Interest receivable and similar income	5	**7,830**	**-**	**7,830**	11,823	-	11,823	16,405
Interest payable and similar charges	6	**(32,973)**	**-**	**(32,973)**	(27,692)	-	(27,692)	(36,778)
Profit/(loss) before taxation		**19,053**	**(3,651)**	**15,402**	28,080	(6,848)	21,232	36,073
Tax (charge)/credit	7	**(6,901)**	**1,066**	**(5,835)**	(5,922)	1,564	(4,358)	(7,935)
Profit/(loss) after taxation attributable to equity shareholders		**12,152**	**(2,585)**	**9,567**	22,158	(5,284)	16,874	28,138
Other comprehensive income								
Currency exchange differences		**861**	**-**	**861**	223	-	223	148
Net cash flow hedging losses (net of taxation)		**(111)**	**-**	**(111)**	-	-	-	-
Net cash flow hedging gains transferred to profit or loss		**(1,240)**	**-**	**(1,240)**	-	-	-	-
Total other comprehensive (loss)/income		**(490)**	**-**	**(490)**	223	-	223	148
Total comprehensive income/(loss)		**11,662**	**(2,585)**	**9,077**	22,381	(5,284)	17,097	28,286

The notes on pages 19 to 33 form part of these financial statements.

Group Statement of Financial Position
as at 31 December 2023

	Note	**31 Dec 2023 £'000**	31 Dec 2022 £'000	31 Mar 2023 £'000
Assets				
Non-current assets				
Intangible assets	9	**47,275**	4,247	4,016
Property, plant and equipment	10	**1,148,006**	682,385	757,605
Interests in associates	8	**9,430**	8,988	10,157
Derivative financial instruments	16	**1,010**	1,408	1,258
Trade and other receivables	11	**231,183**	348,123	350,893
		1,436,904	1,045,151	1,123,929
Current assets				
Inventories		**81**	98	106
Derivative financial instruments	16	**1,141**	-	-
Trade and other receivables	11	**23,559**	15,938	30,246
Cash and cash equivalents		**120,311**	336,967	252,172
		145,092	353,003	282,524
Total assets		**1,581,996**	1,398,154	1,406,453
Equity and liabilities				
Share capital	12	**1**	1	1
Translation reserve	14	**2,998**	2,212	2,137
Cashflow hedge reserve	14	**6**	-	-
Retained earnings	14	**215,589**	194,758	206,022
Total equity		**218,594**	196,971	208,160
Non-current liabilities				
Interest bearing loans and borrowings	15	**1,149,716**	1,046,286	1,046,452
Derivative financial instruments	16	**1,384**	-	-
Deferred tax liabilities		**63,308**	9,673	13,777
		1,214,408	1,055,959	1,060,229
Current liabilities				
Interest bearing loans and borrowings	15	**19,464**	7,464	4,052
Trade and other payables	17	**129,530**	137,760	134,012
		148,994	145,224	138,064
Total liabilities		**1,363,402**	1,201,183	1,198,293
Total equity and liabilities		**1,581,996**	1,398,154	1,406,453

Group Statement of Cash Flows

for the nine month period ended 31 December 2023

	Note	9 months ended 31 Dec **2023** **£'000**	2022 £'000	Year ended 31 Mar 2023 £'000
Cash flow from operating activities:				
Profit before taxation		**15,402**	21,232	36,073
Adjustments to reconcile profit before taxation to net cash flows:				
Depreciation and amortisation	4	**18,431**	8,409	11,359
Loss on disposal of property, plant and equipment	4	**-**	31	58
Loss/(income) from participating interests	8	**998**	(2,629)	(3,710)
Unrealised foreign exchange loss		**7**	1	1
Interest receivable and similar income	5	**(7,830)**	(11,823)	(16,405)
Interest payable and similar charges	6	**32,973**	27,692	36,778
Cash flow from operating activities before changes in working capital		**59,981**	42,913	64,154
Decrease/(increase) in trade and other receivables		**5,595**	820	(11,513)
Decrease/(increase) in inventories		**25**	(52)	(60)
Increase in trade and other payables		**19,137**	33,738	21,725
Cash generated from operations		**84,738**	77,419	74,306
Interest paid		**(29,184)**	(23,205)	(35,511)
Interest received		**3,929**	1,986	3,608
Net income tax (paid)/recovered		**(309)**	(215)	27
Net cash flow from operating activities		**59,174**	55,985	42,430
Cash flow (used in)/from investing activities:				
Investment in subsidiaries (net of acquired cash)		**(247,942)**	-	(1,722)
Purchase of property, plant and equipment		**(180,804)**	(244,864)	(314,278)
Purchase of intangible assets		**-**	(48)	(68)
Proceeds from disposal of property, plant and equipment		**-**	1,180	1,180
Net amounts returned from deposit		**-**	40,000	40,000
Repayment of loan by parent company		**125,000**	-	-
Net cash flow used in investing activities		**(303,746)**	(203,732)	(274,888)
Cash flow from financing activities:				
Proceeds from term loan financing net of fees		**101,520**	-	-
Proceeds from revolving credit facility financing		**12,000**	-	-
Net cash flow from financing activities		**113,520**	-	-
Net decrease in cash and cash equivalents		**(131,052)**	(147,747)	(232,458)
Currency exchange movement		**(809)**	256	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		**120,311**	336,967	252,172

Reconciliation of Movement in Net Debt

for the nine month period ended 31 December 2023

	9 months ended 31 December		Year ended
	2023	2022	31 Mar 2023
	£'000	£'000	£'000
Net decrease in cash and cash equivalents	**(131,052)**	(147,747)	(232,458)
Currency exchange movement	**(1,672)**	256	172
Payment of interest on loan notes	**23,062**	22,557	34,744
Payment of interest on term loan (net of cash flow hedging receipt)	**4,433**	-	-
Proceeds from term loan financing (net of fees paid)	**(101,520)**	-	-
Proceeds from revolving credit facility financing	**(12,000)**	-	-
Interest expense on term loan (including effect of cash flow hedging)	**(4,047)**	-	-
Interest expense on loan notes	**(27,232)**	(27,204)	(36,145)
Interest expense on revolving credit facility	**(57)**	-	-
Derivative gains recognised in other comprehensive income	**6**	-	-
Movement in net debt	**(250,079)**	(152,138)	(233,687)
Net debt at the start of the period	**(798,332)**	(564,645)	(564,645)
Net debt at the end of the period	**(1,048,411)**	(716,783)	(798,332)
Net debt at the end of the period excluding restricted cash	**(1,050,099)**	(718,471)	(800,020)

Group Statement of Changes in Equity
for the nine month period ended 31 December 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	**-**	**-**	**-**	**9,567**	**9,567**
Net cash flow hedging losses (net of tax)	**-**	**-**	**(111)**	**-**	**(111)**
Net cash flow hedging gains transferred to profit or loss	**-**	**-**	**(1,240)**	**-**	**(1,240)**
Currency exchange differences	**-**	**861**	**-**	**-**	**861**
Total comprehensive income/(loss) for the period	**-**	**861**	**(1,351)**	**9,567**	**9,077**
Cash flow hedge reserves reclassified to goodwill	**-**	**-**	**1,357**	**-**	**1,357**
At 31 December 2023	**1**	**2,998**	**6**	**215,589**	**218,594**
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	-	-	-	16,874	16,874
Currency exchange differences	-	223	-	-	223
Total comprehensive income for the period	-	223	-	16,874	17,097
At 31 December 2022	1	2,212	-	194,758	196,971

Notes to the Condensed Consolidated Financial Statements
for the nine month period ended 31 December 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.

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 December 2023, the Group had recognised liabilities for contingent and deferred costs in relation to capital assets amounting to £18.5 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.

Notes to the Condensed Consolidated Financial Statements (continued)

for the nine month period ended 31 December 2023

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 nine months ended 31 December 2023, the plan gave rise to exceptional charges of £3.7 million (31 December 2022: £6.8m) with associated tax credits of £1.1 million (31 December 2022: £1.6m). 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

IFRS 8: "Operating Segments" requires that the Group identifies its operating segments on the basis of internal reports provided to the Chief Operating Decision Maker. These operating segments may be aggregated and combined into reportable segments where they are sufficiently similar in terms of factors such as the nature and type of service provided by the segments, and their economic characteristics.

Following the acquisition of Pinewood Toronto Studios during the quarter ended 30 June 2023, and subsequent changes in internal reporting, 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.

Segmental 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.

Notes to the Condensed Consolidated Financial Statements (continued)

for the nine month period ended 31 December 2023

3. Segmental Reporting (continued)

Key information reported by business segment and geographic area is:

	9 months ended 31 Dec **2023** £'000	2022 (restated) £'000	Year ended 31 Mar 2023 (restated) £'000
Revenue			
Global Studios	**96,062**	72,239	104,489
Production Services	**9,378**	12,485	16,017
Total revenue	**105,440**	84,724	120,506
Revenue by geography			
UK	**96,572**	83,596	118,986
North America	**8,868**	1,128	1,520
Total revenue	**105,440**	84,724	120,506
Contribution			
Global Studios	**84,103**	61,250	87,811
Production Services	**5,753**	8,568	10,672
Total segmental Contribution	**89,856**	69,818	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.

	9 months ended 31 Dec **2023** £'000	2022 (restated) £'000	Year ended 31 Mar 2023 (restated) £'000
Total segmental Contribution	**89,856**	69,818	98,483
Indirect costs excluding depreciation	**(19,384)**	(14,196)	(18,360)
Depreciation	**(14,518)**	(7,697)	(10,407)
Gross profit	**55,954**	47,925	69,716

Notes to the Condensed Consolidated Financial Statements (continued)
for the nine month period ended 31 December 2023

4. Operating profit

Operating profit is stated after charging/(crediting):	9 months ended 31 Dec **2023** **£'000**	2022 £'000	Year ended 31 Mar 2023 £'000
Depreciation of property, plant and equipment	**14,518**	7,697	10,407
Loss on disposal of property, plant and equipment	**-**	31	58
Operating lease payments	**1,739**	1,381	1,933
Net Government grants received	**-**	(8)	(8)
Amortisation of software	**302**	292	392
Amortisation of goodwill	**3,611**	420	560
Net foreign exchange losses/(gains)	**12**	(3)	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

	9 months ended 31 Dec **2023** **£'000**	2022 £'000	Year ended 31 Mar 2023 £'000
On financial instruments measured at amortised cost:			
Interest receivable from associates	**271**	251	339
Interest receivable on loan due from parent undertaking	**5,290**	8,310	11,080
Bank interest receivable	**1,827**	1,971	3,814
Other interest receivable	**216**	67	44
	7,604	10,599	15,277
On financial instruments measured at fair value through profit or loss:			
Gains on derivative financial instruments (including interest accruals)	**226**	1,224	1,128
	226	1,224	1,128
	7,830	11,823	16,405

6. Interest payable and similar charges

	9 months ended 31 Dec **2023** **£'000**	2022 £'000	Year ended 31 Mar 2023 £'000
On financial instruments measured at amortised cost:			
Revolving credit facility	**57**	-	-
Senior secured notes	**27,232**	27,204	36,145
Term loan	**4,047**	-	-
On other instruments:			
Other interest	**1,637**	488	633
	32,973	27,692	36,778

Notes to the Condensed Consolidated Financial Statements (continued)
for the nine month period ended 31 December 2023

7. Taxation

Analysis of charge for the period:	9 months ended 31 Dec **2023** **£'000**	2022 £'000	Year ended 31 Mar 2023 £'000
Current tax:			
UK corporation tax charge	**113**	33	60
Amounts payable for group tax relief	**1,224**	-	-
Foreign income tax	**11**	15	21
Foreign tax suffered	**50**	49	104
Double taxation credit	**(34)**	(33)	(57)
Amounts under/(over) provided in previous periods	**-**	107	(484)
	1,364	171	(356)
Deferred tax:			
Relating to origination and reversal of timing differences	**4,471**	4,187	7,692
Amounts under provided in previous periods	**-**	-	599
	4,471	4,187	8,291
Tax charge in the Group statement of comprehensive income	**5,835**	4,358	7,935
The tax charge in the Group statement of comprehensive income comprises:			
Tax charge on profit for the period before adjusted items	**6,901**	5,815	9,374
Amounts under provided in previous periods before adjusted items	**-**	107	115
Tax credit on adjusted items	**(1,066)**	(1,564)	(1,554)
Tax charge in the Group statement of comprehensive income	**5,835**	4,358	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.

8. Interests in associates

	31 Dec 2023 £'000	31 Dec 2022 £'000	31 Mar 2023 £'000
Equity	**4,665**	4,582	5,663
Loan notes	**4,765**	4,406	4,494
Total investment in associates	**9,430**	8,988	10,157

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

	31 Dec 2023 £'000	31 Dec 2022 £'000	31 Mar 2023 £'000
At beginning of period	**5,663**	1,953	1,953
Share of (loss)/profit	**(998)**	2,629	3,710
At end of period	**4,665**	4,582	5,663

Notes to the Condensed Consolidated Financial Statements (continued)
for the nine month period ended 31 December 2023

8. Interests in associates (continued)

At 31 December 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	-	46,808	46,808
Exchange differences	-	388	388
At 31 December 2023	**4,086**	**52,800**	**56,886**
Amortisation			
At 1 April 2023	1,191	4,483	5,674
Provided during the period	302	3,611	3,913
Exchange differences	-	24	24
At 31 December 2023	**1,493**	**8,118**	**9,611**
Net book value			
At 31 December 2023	**2,593**	**44,682**	**47,275**
At 31 March 2023	2,895	1,121	4,016

Notes to the Condensed Consolidated Financial Statements (continued)

for the nine month period ended 31 December 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	9,241	1,216	132,200	142,657
Acquisitions through business combinations	258,755	1,371	-	260,126
Reclassifications	87,645	28,405	(116,050)	-
Disposals	-	(23)	-	(23)
Exchange movements	2,145	11	(1)	2,155
At 31 December 2023	**786,631**	**69,076**	**411,575**	**1,267,282**
Depreciation				
At 1 April 2023	78,423	26,339	-	104,762
Provided during the period	11,238	3,280	-	14,518
Disposals	-	(23)	-	(23)
Exchange movements	19	-	-	19
At 31 December 2023	**89,680**	**29,596**	**-**	**119,276**
Net book value				
At 31 December 2023	**696,951**	**39,480**	**411,575**	**1,148,006**
At 31 March 2023	350,422	11,757	395,426	757,605

As at 31 December 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.

11. Trade and other receivables

	31 Dec 2023 £'000	31 Dec 2022 £'000	31 Mar 2023 £'000
Amount falling due within one year:			
Trade receivables	**10,321**	7,046	4,726
Prepayments and other receivables	**11,485**	8,569	12,997
Term loan interest prepayment	**758**	-	-
Corporation tax receivable	**995**	323	492
Value added tax	**-**	-	12,031
	23,559	15,938	30,246
Amount falling due after more than one year:			
Loans due from parent undertakings	**231,183**	348,123	350,893
	231,183	348,123	350,893
	254,742	364,061	381,139

Amounts due from the parent company are due for repayment in September 2025 and bear interest at 3.55%. During the nine months ended 31 December 2023, the parent company repaid £125 million of this loan.

12. Share capital

	31 Dec 2023 £'000	31 Dec 2022 £'000	31 Mar 2023 £'000
1,000 Ordinary shares of £1 each (31 December 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.

Notes to the Condensed Consolidated Financial Statements (continued)

for the nine month period ended 31 December 2023

13. 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, and is the largest such facility in Ontario.

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	**260,126**
	260,126
Current assets	
Trade and other receivables	**1,722**
Cash and cash equivalents	**4,673**
	6,395
Total assets	**266,521**
Non-current liabilities	
Deferred tax liabilities	**(44,713)**
	(44,713)
Current liabilities	
Trade and other payables	**(14,435)**
Total liabilities	**(59,148)**
Total identifiable net assets	**207,373**
Goodwill	**46,808**
Total cost of combination	**254,181**

13. Business Combination (continued)

Cost of combination

	Total £'000
Consideration to purchase equity and settle debt	**248,984**
Transaction costs of business combination	**3,840**
Cash flow hedge reclassified to goodwill	**1,357**
Total cost of combination	**254,181**

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.

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.

Notes to the Condensed Consolidated Financial Statements (continued)

for the nine month period ended 31 December 2023

15. Interest bearing loans and borrowings

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

	Maturity	31 Dec 2023 £'000	31 Dec 2022 £'000	31 Mar 2023 £'000
Non-current borrowings:				
3.25% senior secured notes	September 2025	**749,015**	748,506	748,571
3.625% senior secured notes	November 2027	**298,195**	297,780	297,881
Term loans	April 2028	**102,506**	-	-
Other credit facilities	March 2025/ May 2027/ April 2028	**-**	-	-
Non-current drawn loan facilities		**1,149,716**	1,046,286	1,046,452
Current borrowings				
Revolving credit facility		**12,000**	-	-
Senior secured notes interest accruals		**7,464**	7,464	4,052
Current drawn loan facilities		**19,464**	7,464	4,052
Total Borrowings				
Revolving credit facility		**12,000**	-	-
Senior secured notes		**1,047,210**	1,046,286	1,046,452
Senior secured notes interest accruals		**7,464**	7,464	4,052
Term loans		**102,506**	-	-
		1,169,180	1,053,750	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 nine month period ended 31 December 2023

15. Interest bearing loans and borrowings (continued)

The available drawn and undrawn committed facilities are as follows.

At 31 December 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	-	103,778	-	103,778
Other credit facilities	-	77,965	-	77,965
Total facilities	**-**	**1,231,743**	**-**	**1,231,743**
Drawn loans:				
Senior secured notes	-	(1,050,000)	-	(1,050,000)
Term loans		(103,778)		(103,778)
Other credit facilities	-	(12,000)	-	(12,000)
Total drawn loans	**-**	**(1,165,778)**	**-**	**(1,165,778)**
Undrawn facilities:				
Senior secured notes	-	-	-	-
Other credit facilities	-	65,965	-	65,965
Undrawn committed facilities	**-**	**65,965**	**-**	**65,965**

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

16. Derivative financial instruments

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

	31 Dec 2023 £'000	31 Dec 2022 £'000	31 Mar 2023 £'000
Derivative financial assets carried at fair value through profit or loss:			
Non-current derivative financial instrument assets	**1,010**	1,408	1,258
Financial instruments in cash flow hedging relationships			
Current derivative financial instrument assets	**1,141**	-	-
Non-current derivative financial instrument liabilities	**(1,384)**	-	-

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	**31 Dec 2023**	31 Dec 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 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

	31 Dec 2023 £'000	31 Dec 2022 £'000	31 Mar 2023 £'000
Trade payables	**4,899**	2,356	9,190
Corporation tax payable	**-**	146	-
Value added tax	**7,357**	3,222	-
Other payables	**628**	536	464
Accruals and deferred income	**84,010**	80,559	64,915
Amounts due to parent company	**7,634**	6,410	6,410
Capital expenditure related payables	**25,002**	44,531	53,033
	129,530	137,760	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 31 December 2023, the Group had capital commitments contracted for, but not provided in the financial statements, of £21.2 million (31 December 2022: £195.2 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

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.