Pinewood Group Limited

Report as at and for

the year to

31 March 2024

Full year highlights

Operational and industry highlights

- The BFI reported that the combined UK film and high-end television ("HETV") production spend for 2024 was £4.0 billion, 25% below the prior year due to the US writers' and actors' strikes.
- Production activity has resumed at the studios in 2024 with productions returning from hiatus. Strike action called by the Writers Guild of America ('WGA') and the Screen Actors Guild and American Federation of Television and Raio Artists ('SAG-AFTRA') ran across May to November 2023.
- The Group remained largely resilient to the industry strikes. Production accommodation at our Global Studios business is let under predominantly long-term contracts. Our smaller Production Services businesses(1) and our studio lighting associate were impacted by the strikes.
- Adjusted EBITDA improved by 13% to £86 million (FY23: £76 million), driven by additional studio capacity from the acquisition of Pinewood Toronto Studios ('PTS') in May 2023 and the rental of the new Shepperton expansion facilities during H2 FY24.
- Pinewood Studios welcomed 4,000 young people from across the UK to its Futures Festival 2023, the UK's largest free 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.
- The Group welcomed David Conway as CEO in November 2023, and Paul Golding continues his active strategic role as Chair of the Group.

Strategic highlights

- The Group completed the acquisition and integration of PTS, a state-of-the-art studio in Toronto, close to the city centre. In December, the Group signed a new long-term contract for five stages with Amazon MGM Studios (Amazon), strengthening our global relationship with Amazon.
- We have completed our current studio expansion programme in the UK, with all the newly constructed space let out under long term lease contracts.
  - Shepperton Expansion I (North West): construction of three sound stages and other production accommodation (c.165k sq ft total area) let to Amazon. The lease began on this first phase of the studio expansion in October 2023.
  - Shepperton Expansion II (South): construction of 14 sound stages and other production accommodation (c.775k sq ft total area). Construction is now complete(2) and leases with Netflix and Amazon commenced during February and March 2024.

Financial highlights

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

	Year to 31 Mar 2024 £'000	Year to 31 Mar 2023 £'000
Turnover	**146,473**	120,506
Adjusted EBITDA	**86,048**	76,042
Adjusted EBITDA margin	**58.7%**	63.1%
Cash generated from operations	**88,694**	74,306
Adjusted capital expenditure*	**(199,897)**	(313,166)
Senior secured notes	**(1,800,000)**	(1,050,000)
Bank loans	**(102,355)**	-
Cash and cash equivalents	**828,136**	252,172
Adjusted net debt	**(1,074,219)**	(797,828)

At 31 March 2024, following a refinancing, the Group held cash balances of £828.1 million. In April 2024, the Group repaid £459.7 million principal value of senior secured notes with the proceeds and invested £290.3 million in fixed rate UK Government gilts maturing in September 2025.

David Conway, CEO, commented:

"It has been a challenging year across the industry as a result of the strike action in the US and the staggered restart in film and TV production as we moved into 2024.

Nevertheless, it is reassuring that the underlying Pinewood business has remained largely resilient to these market dynamics, and the Group's growth projects have meant that we are today announcing strong year-on-year revenue and EBITDA growth.

Amongst our growth projects, I am most proud of what we have achieved at Shepperton Studios, expanding the site to now host 31 sound stages and, in doing so, creating the second largest film studios in the world. The site is now fully occupied and in operation, and will be the home to more than ten client productions simultaneously over the Summer. This is indicative of the efficiency, leading-edge functionality and popularity of the enlarged site. The expansion project will further complement the rich history of Shepperton Studios which has been in operation since 1931.

This year-end report represents my first as CEO, having joined Pinewood in November 2023. It has been an exciting period as we emerge with vigour out of the strike period, with the expanded studio footprint at Shepperton, and into our first full year of ownership of Pinewood Toronto Studios."

The next Investor update is scheduled for 7 August 2024.

Footnotes applicable to this announcement:

(1) Production Services comprises Post-production, Television Studios, sales and marketing agreements at third-party studios and revenue share agreement, delivering 10.8% of Group contribution in FY23 and 5.0% of Group contribution in FY24.

(2) Construction of two sound stages and one office/ workshop building was completed, and under long-term rental contract by the end of April 2024. This concluded the delivery of the current studio expansion works at Shepperton Studios.

*** 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 nearly 900 TV productions, among them +170 Oscar winners, +230 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 March 2024 ("Q4 FY24"), and the comparative period as of and for the 3 months ended 31 March 2023 ("Q4 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 2024 ("FY24"), and the comparative period as of and for the year ended 31 March 2023 ("FY23") 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 indentures dated 25 September 2019, and 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 principal paying agent, and Deutsche Bank Luxembourg S.A. as transfer agent and registrar. This report was also prepared in accordance with the indenture dated 28 March 2024 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, principal paying agent and transfer agent and Deutsche Bank Luxembourg S.A. as 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.

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 March 2024

Adjusted results of operations

	3 months to		Year to	
	31 Mar 2024 £'000	31 Mar 2023 £'000	**31 Mar 2024 £'000**	31 Mar 2023 £'000
Turnover	**41,033**	35,782	**146,473**	120,506
Cost of sales	**(21,913)**	(13,991)	**(71,399)**	(50,790)
Gross profit	**19,120**	21,791	**75,074**	69,716
Selling, distribution and administrative expenses	**(3,904)**	(2,169)	**(14,664)**	(8,751)
Other operating (expense)/income **	**-**	(27)	**-**	(50)
**Operating profit ** **	**15,216**	19,595	**60,410**	60,915
(Loss)/ Income from participating interests	**(297)**	1,081	**(1,295)**	3,710
Interest receivable and similar income	**2,633**	4,582	**10,463**	16,405
Interest payable and similar charges	**(11,302)**	(9,086)	**(44,275)**	(36,778)
**Profit before taxation ** **	**6,250**	16,172	**25,303**	44,252
Tax charge **	**(1,531)**	(3,567)	**(8,432)**	(9,489)
**Profit after taxation ** **	**4,719**	12,605	**16,871**	34,763

Turnover

Revenue during the quarter was £41.0 million, an increase of 15% or £5.2 million versus the prior year period (Q4 FY23: £35.8 million). The incremental studio capacity created by the addition of Pinewood Toronto Studios ("PTS") to the Group in May 2023 delivered significant revenue growth versus the same period last year. Further, PTS announced in January 2024 that five stages and associated production accommodation (accounting for around one third of the PTS site) had been let to Amazon from December 2023 under a long-term arrangement.

Revenue growth was also supported by the opening of three new stages and associated production accommodation at Shepperton North West from October 2023. Moreover, the expansion project at the neighbouring Shepperton South site had largely been completed by the end of the financial year. Rent was received from the new property as soon as each phase was completed and handed over to our customers over the course of February and March 2024. By the end of April 2024, the final two remaining stages and an office/workshop were complete. This brought our current phase of studio expansion to a close, with all newly constructed production accommodation at Shepperton rented to Amazon and Netflix under long-term contracts.

The film and HETV industry strikes in the US had both been settled by the end of 2023 and productions began to return to the studios over the course of Q4 FY24. As a result of the strikes, and a lower than typical level of TV shows being commissioned across the UK, the strong quarterly improvement from our growth programme was partially offset by lower revenues from our Post-production and TV business lines.

From a full year perspective, revenue grew to £146.5 million, which was £26.0 million ahead of the prior year (FY23: £120.5 million). The additional studio capacity from our growth projects (the acquisition of PTS, Pinewood's five new stages and the Shepperton expansion) delivered the vast majority of this increase. The remainder of the revenue improvement was mainly from the indexation provisions in the long-term contracts, coupled with a higher level of resale income during FY24, slightly offset by moderate reductions in energy revenues and our Production Services businesses due to the strikes and the slowdown in TV show commissioning.

Cost of sales

Cost of sales was £21.9 million in the quarter (Q4 FY23: £14.0 million). Increased depreciation, as a result of the Group's growth projects noted above, mainly Shepperton South and PTS, contributed £4.4 million of the £7.9 million increase since the same quarter last year. Depreciation charges at Shepperton commenced on the date of practical completion rather than first rental, thereby reducing the gross profit generated in the quarter of build completion. Also, 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.

Additionally, the expansion programme at Shepperton and the inclusion of PTS within the Group resulted in a further uplift in other operating costs (e.g. security, cleaning, business rates and insurance), with certain costs at Shepperton expansion, commencing earlier than the rental income to ensure the studios were running appropriately on opening.

The Group also saw an anticipated increase in business rates following the Valuation Office Agency's ('VOA') recent uplift in the rateable value of UK studios, with the rates at the legacy Pinewood and Shepperton accommodation mitigated by the Government's transitional relief scheme. Business rates recognised for the newly developed accommodation at Shepperton were uncapped until the commencement, in April 2024, of the Government's new ten-year scheme which will offer a 40% discount to rates set by the VOA. These increases were partially offset by lower energy costs in Global Studios and cost of sales in the TV and Post-production businesses, as expected from the associated reduction in revenues in these business units.

For the year to 31 March 2024, cost of sales totalled £71.4 million, which is £20.6 million higher than the prior year (FY23: £50.8 million). Eleven months of additional depreciation and costs in running PTS contributed around 50% of this increase, with the majority relating to depreciation as described above. The remaining uplift was predominantly from increased depreciation and business rates relating to the Shepperton expansion and five new stages at Pinewood.

Gross profit

Gross profit for the quarter was £19.1 million (Q4 FY23: £21.8 million), a decrease of £2.7 million since the prior year quarter. The Shepperton Studio expansion and addition of PTS to the Group, coupled with an inflationary uplift from the long-term contracts, delivered a significant uplift in contribution in the quarter. This was partly offset by the associated depreciation and operating costs from these growth projects, with these costs at Shepperton starting shortly before the commencement of the rental income, as well as the business rate impacts at the legacy Pinewood and Shepperton studios discussed above.

This quarterly position also saw a relatively high level of studio resale income during January to March 2023, which continued to a healthy but lesser extent through the rest of 2023, tailing off in the quarter to March 2024. Further, the Production Services businesses continued to deliver a lower level of income due to the industry strikes, which ran across May to November 2023, and downturn in UK TV show commissioning.

Gross profit for the year to 31 March 2024 amounted to £75.1 million, representing an 8% or £5.4 million improvement on the prior year (FY23: £69.7 million). This growth was driven by the same mix of trends as discussed above, albeit resale income was marginally higher than the previous financial year and the moderate reduction in Production Services was far exceeded by the growth in contribution from Global Studios.

The gross profit margin for the year of 51.3% was 6.6ppt below the prior year (FY23: 57.9%), with the benefit of increased studio capacity being offset the depreciation charges associated with the Shepperton expansion and the depreciation of fair value accounting on acquisition of PTS, together with higher business rates.

Selling, distribution, administrative and other income/ expenses**

Selling, distribution, administrative and other expenses totalled £3.9 million in the quarter and £14.7 million for the year (Q4 FY23: £2.2 million; FY23: £8.8 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 £15.2 million was £4.4 million below that of the prior year period (Q4 FY23: £19.6 million) and, at £60.4 million in the year, was £0.5 million below that of last year (FY23: £60.9 million). The variance in gross profit was accompanied by increased amortisation charges as a result of the fair value accounting on acquisition of PTS and selling and administrative costs from PTS.

The resultant operating profit margin for the year of 41.2% was 9.3ppt lower than the prior year (FY23: 50.5%). As with the Gross profit margin impact noted above, the margin benefit of increased studio capacity was offset by the depreciation charges associated with the Shepperton expansion and the depreciation and amortisation of fair value accounting on acquisition of PTS, together with higher business rates.

Income from participating interests

Our associate lighting business, 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.

The Group recognised its 25% share of these results, amounting to a £0.3 million loss in the quarter. Having recognised a net loss of £1.0 million in the first three quarters of FY24, this took our share of total results to a loss of £1.3 million in the year (FY23: £3.7 million profit). As a result, the carrying value of the Group’s equity interest in PMBS has declined to £4.4 million from £5.7 million at the start of the financial year.

Interest receivable and similar income **

Interest receivable and similar income of £2.6 million in the quarter was £2.0 million lower than the prior period (Q4 FY23: £4.6 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 £1.0 million versus 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.

Interest receivable in the year of £10.5 million was £5.9 million below the prior year (FY23: £16.4 million). This was due to a £4.1 million reduction in interest income from the parent, £1.2 million lower bank interest and a smaller fair value gain on the Group’s derivative financial instruments.

Interest payable and similar charges

Interest payable and similar charges, at £11.3 million in the quarter, were £2.2 million higher than that of the prior year quarter (Q4 FY23: £9.1 million). During the year, interest payable totalled £44.3 million and was £7.5 million higher than that of the prior year (FY23: £36.8 million).

These increases mainly reflected interest payable on the new bank loan drawn to part-finance the PTS acquisition, and the year also included £1.0 million of net foreign exchange losses on Canadian dollar cash balances which were largely incurred on the cash balances held prior to the execution of the acquisition of PTS.

Tax charge **

Adjusted Profit before tax in the quarter was £6.3 million (Q4 FY23: £16.2 million) and the tax charge for the period was £1.5 million (Q4 FY23: £3.6 million). This represents an effective tax rate of 24.5% (Q4 FY23: 22.1%). The loss recognised from our lighting associate in the quarter, and the amortisation of goodwill on the acquisition of PTS and non-allowable depreciation, served to increase the effective rate for Q4 FY24, as they are not deductible for tax purposes. However, these impacts were offset by a benefit from revisiting capital allowance claims on our expansion programme.

Adjusted Profit before tax in the year was £25.3 million (FY23: £44.3 million), with the adjusted operating profit which was broadly level with last year being reduced by the decline in earnings from our lighting associate and the higher net interest charges. The adjusted tax charge for the year was £8.4 million (FY23: £9.5 million), which represents an effective tax rate of 33.3% (FY23: 21.4%). As with Q4 FY24, the effective tax rate is impacted by the results of the lighting associate, amortisation of goodwill, and a higher level of non-deductible depreciation charges from our UK expansion programme, none of which are deductible for tax purposes. 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.

Adjusted items

During the financial year to 31 March 2024, there were two items presented as adjusted items:

- Other expense/ income: In the previous financial year, 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 year to 31 March 2024, the plan gave rise to adjusted charges of £4.2 million (FY23: £8.2 million). The long-term incentive plan is expected to give rise to a smaller level of adjusted charges and payments over the period to December 2025.
- Interest receivable and similar income: During the year, the Group refinanced its £750 million 3.25% senior secured notes due September 2025. This was partially achieved through a tender offer, whereby £459.7 million of bonds were surrendered at a discount to par value, leading to an adjusted gain of £3.5 million after fees.

Along with an associated net tax credit of £0.2 million (FY23: £1.6 million), these have been presented as adjusted items as the charges are considered unusual in size and are, therefore, of limited long-term predictive value.

Segmental reporting

Since the acquisition of PTS at the start of 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, Television, as well as international sales and marketing and profit-sharing agreements.

Key information reported by business segment and geographic area is:

	3 months to		Year to	
	31 Mar 2024 £'000	31 Mar 2023 £'000	**31 Mar 2024 £'000**	31 Mar 2023 £'000
Revenue by operating segment				
Global Studios	**39,511**	32,250	**135,573**	104,489
Production Services	**1,522**	3,532	**10,900**	16,017
Total revenue	**41,033**	35,782	**146,473**	120,506
Revenue by Geography				
UK	**35,889**	35,390	**132,470**	118,986
North America	**5,144**	392	**14,003**	1,520
Total revenue	**41,033**	35,782	**146,473**	120,506
Contribution ***				
Global Studios	**33,911**	26,563	**118,014**	87,811
Production Services	**481**	2,106	**6,234**	10,672
Total segmental Contribution	**34,392**	28,669	**124,248**	98,483

Revenue

During the quarter, Global Studios revenue increased by £7.3 million, mainly due to the additional studio capacity at PTS and Shepperton North West, where all stages were rented throughout the quarter, and with the phased delivery during Q4 FY24 of fully pre-let accommodation at Shepperton South. This increase was partially offset by a quarter-on-quarter reduction of resale income in the UK studios, with Q4 of last year showing a particularly strong level of resale profitability. Additionally, as a result of the recently ended strikes and reduced activity on site, the quarter saw lower energy sales to Global Studio customers. The £2.0 million reduction in Production Services revenues related to the impact of the strikes on the schedule of production content available to Post-production, and a reduction in the commissioning of TV shows by UK broadcasters (experienced across the market) impacting TV studio rentals.

Over the course of the year, Global Studios revenue increased by £31.1 million on the prior year, mainly due to the additional studio capacity in the Group and supported by the inflationary clauses within the long-term contracts. FY24 was a year of positive transition for the Group. Five newly constructed stages at Pinewood were online and let to Disney throughout the year, the acquisition of PTS on 3 May 2023 delivered revenues for 11 months of the year, three new stages at Shepperton North West were let under long-term contract from October 2023, and substantively all of the new accommodation at Shepperton South started to contribute during Q4. Production Services revenue was £5.1 million below that of the prior year due to the same mix of forces as described for the quarter.

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.

Global Studios contribution increased since the prior year quarter due to growth projects described in the sections above. Contribution from the legacy UK studios, although in line with Q3 FY24, delivered a lower contribution than in the quarter to March 2023, which had been bolstered by a particularly high level of resale activity. Production Services' contribution was impacted by the strikes and trends in UK TV commissioning as also discussed above.

The year-on-year changes in segmental contribution are linked to the revenue considerations noted above.

Adjusted EBITDA

Adjusted EBITDA in Q4 FY24 at £23.4 million (Q4 FY23: £23.7 million) was similar to that of the prior year period. The strong underlying growth in Global Studios capacity was reduced by the commencement of certain activity and costs at the Shepperton expansion for a short period before the start of the rental revenues. The quarter's EBITDA was further affected by the strikes, which continued to impact our associate lighting company's equity returns and the Post-production business, with the lack of UK TV show commissioning impacting TV studio rentals, together with a reduction in resale income from the particularly high level seen in Q4 FY23.

Adjusted EBITDA in the year ended 31 March 2024 of £86.0 million was £10.0 million above that of the prior year (FY23: £76.0 million). The trends were the same as that of the fourth quarter of FY24, however, the additional studio capacity across the year significantly outweighed the EBITDA reductions from the screen industry strikes and UK TV show commissioning.

Adjusted EBITDA margin of 58.7% in the year to March 2024 was 4.4ppt lower than the 63.1% margin achieved in the last financial year. This was because the additional higher contribution margin arising from studio expansion in Global Studios, was reduced by increases in business rates (only partially capped by Government relief schemes with the new scheme available to new studios available from 1 April 2024) and more than offset by the £5.0 million lower PMBS equity result.

Reconciliation of profit after taxation to adjusted EBITDA	**3 months to**		**Year to**	
	31 Mar 2024 £'000	31 Mar 2023 £'000	**31 Mar 2024 £'000**	31 Mar 2023 £'000
Profit after taxation (incl. adjusted items)	**6,766**	11,264	**16,333**	28,138
Tax charge on profit	**2,417**	3,577	**8,252**	7,935
Net interest payable and other charges	**5,161**	4,504	**30,304**	20,373
Depreciation of property, plant and equipment	**7,060**	2,710	**21,578**	10,407
Amortisation of intangible assets	**1,442**	240	**5,355**	952
Loss on disposal of property, plant & equipment	**-**	27	**-**	58
EBITDA	**22,846**	22,322	**81,822**	67,863
Adjusted items	**575**	1,331	**4,226**	8,179
Adjusted EBITDA	**23,421**	23,653	**86,048**	76,042

Liquidity and capital resources

Group statement of cash flows

At 31 March 2024, the Group held cash and cash equivalents of £828.1 million, having refinanced the Group's £750.0 million 3.25% senior secured notes due September 2025 under a tender offer. The refinancing closed on the last working day of the financial year and in April 2024, an amount of £454.0 million was paid to settle notes with a principal value of £459.7 million. Additionally, proceeds of £290.3 million were invested in fixed-rate UK Government gilts, maturing in September 2025 when the remaining notes are due to be settled.

The Q4 FY24 cash inflow of £708.0 million was largely supported by the net refinancing. In the quarter, £4.0 million of cash was generated from operations before interest and tax (Q4 FY23: £3.1 million outflow) with £13.2 million of interest paid. £19.1 million was invested in capital expenditure*, being predominantly the Shepperton Studios expansion programme. Financing cash inflows totalling £736.4 million included the refinancing proceeds net of fees of £748.4 million, partially offset by the repayment of a £12.0 million one-month drawing from the Group's revolving credit facility ("RCF"). A working capital outflow totalling £19.2 million was from the unwind of deferred income balances on rent invoiced in advance, an outflow of VAT to HMRC on rents, partly offset by VAT reclaimed on capital expenditure.

The Group's cash balances increased by £576.9 million during the year before exchange differences (FY23: £232.5 million outflow). As anticipated, £49.9 million of cash was generated through the Group's operating activities after interest and tax. Continuing our growth programme, £199.9 million was invested in capital expenditure*. In relation to the PTS acquisition, the Group received £125.0 million of funding from 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, together totalling £247.9 million in the year. Other financing activities include the £750.0 million receipt from refinancing, net of £1.6 million of fees paid.

	3 months to		**Year to**	
	31 Mar 2024 £'000	31 Mar 2023 £'000	**31 Mar 2024 £'000**	31 Mar 2023 £'000
Cash flow from operating activities before working capital changes	**23,137**	21,241	**83,118**	64,154
Net (decrease)/ increase in working capital	**(19,181)**	(24,354)	**5,576**	10,152
Cash generated/ (used) by operations	**3,956**	(3,113)	**88,694**	74,306
Net interest paid	**(13,230)**	(10,684)	**(38,485)**	(31,903)
Net income tax (paid)/ refunded	**(19)**	242	**(328)**	27
Net cash flow from operating activities	**(9,293)**	(13,555)	**49,881**	42,430
Investment in subsidiaries	**-**	(1,722)	**(247,942)**	(1,722)
Purchase of property, plant and equipment net of disposal proceeds	**(19,093)**	(69,434)	**(199,897)**	(313,166)
Repayment of loan by parent company	**-**	-	**125,000**	-
Net amounts returned from deposit	**-**	-	**-**	40,000
Net cash flow used in investing activities	**(19,093)**	(71,156)	**(322,839)**	(274,888)
Net cash flow from financing activities	**736,387**	-	**849,907**	-
Net increase/ (decrease) in cash and cash equivalents	**708,001**	(84,711)	**576,949**	(232,458)
Currency exchange movement	**(176)**	(84)	**(985)**	172
Cash and cash equivalents at the start of the period	**120,311**	336,967	**252,172**	484,458
Cash and cash equivalents at the end of the period	**828,136**	252,172	**828,136**	252,172

Net cash flow from operating activities

The £49.9 million of cash generated through operating activities after interest and tax in the reflected an improvement of £7.5 million on the prior year. This improvement is due to the following factors:

i. A £19.0 million increase in cash flows from operating activities before movement in working capital to £83.1 million (FY23: £64.2 million). This uplift represents the £10.0 million increase in adjusted EBITDA as described above, the benefit of a £4.0 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 year-on-year by £5.0 million and unrealised foreign exchange losses.

ii. A £4.6 million lower working capital inflow to £5.6 million in FY24 (FY23: £10.2 million). In the prior year, there was a higher level of cash received in advance of the year from resale income and the start of rental income from the five stages at Pinewood, which had been partially reduced by the delay in recovery from HMRC of VAT on our capital expansion spend. In FY24, there was an overall catch up in recovery from HMRC of VAT on our capital expansion spend as the programme draws to a close. This was supported by rent received in advance for those areas of the Shepperton expansion which came online earlier in the year.

iii. A £6.6 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 £5.9 million. Further, the Group received bank interest which was £1.2 million below that of FY23, having deployed a significant amount of its cash balances into its growth programme. Partially offsetting this, the Group received cash interest from its UK derivative financial instruments which was a £0.9 million improvement on the prior year.

iv. A £0.3 million increase in income tax paid to £0.3 million (FY23: £nil). The Group expects to claim capital allowances arising on expenditure in relation to the 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 £0.5 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 £322.8 million in the year (FY23: £274.9 million). The Group spent £199.9 million on capital expenditure*, largely in respect of the Group's studio expansion programmes. 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, the Group invested £313.2 million in capital expenditure* which also predominantly related to expansion programmes. 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 £849.9 million inflow (FY23: £nil), with the Group receiving proceeds net of arrangement fees of £748.4 million from the refinancing of the 3.25% senior notes due September 2025 and £101.5 million from a bank loan raised to fund the acquisition of PTS.

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 and securities of tenure of no more than 24 months.

	31 Mar 2024 £'000	**31 Mar 2023 £'000**
Senior secured notes	(1,800,000)	(1,050,000)
Bank loans	(102,355)	-
Revolving credit facility	-	-
Less:		
Cash and cash equivalents	828,136	252,172
Adjusted net debt	**(1,074,219)**	**(797,828)**

Adjusted net debt at 31 March 2024 was £1,074.2 million, based on £1,800.0 million of senior secured notes, a bank loan of £102.4 million, and cash and cash equivalents of £828.1 million. In April 2024, proceeds from the March 2024 refinancing were used to repay a principal value of £459.7 million of 3.25% senior notes for £454.0 million, with £290.3 million invested in fixed-rate UK Government gilts to be held until maturity of the remaining 3.25% notes.

Cash, cash equivalents and bank deposits were held with several banks rated A/A1/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 March 2024, as well as the JLL valuation of Pinewood Toronto Studios of C$445 million (c.£264 million) as of April 2023.

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

Report and financial statements

Year ended 31 March 2024

Company Registration Number: 03889552

Registered No: 03889552

Directors
David Conway (appointed 10 November 2023)
Paul Golding CBE
Barbara Inskip
Luis Moner Parra
Nathan Shike
Andrew M Smith OBE
Alison Trewartha

Secretary
Leonie Dorrington-Ward

Auditor
Deloitte LLP
Statutory Auditor
Abbots House
Abbey Street
Reading
RG1 3BD

Registered Office
Pinewood Studios
Pinewood Road
Iver Heath
Buckinghamshire
SL0 0NH

Strategic Report

Business Overview

Pinewood Group Limited ("Pinewood" or the "Group") is the leading independent provider of the real estate, infrastructure and supporting services required to produce film and television content. The Group owns two freehold studios, Pinewood Studios and Shepperton Studios, in prime locations close to central London, and the pre-eminent leasehold studio in Toronto, Pinewood Toronto Studios, which is just 10 minutes from the downtown city-centre. With 76 sound stages and a total area of c. 3.5 million sq ft, the high-quality studios set in prime city locations makes Pinewood's facilities a compelling choice for major producers of content.

The Group has the following two reportable segments:

- ***Global Studios*** represents our core business, being the provision of production accommodation to film and high-end television ('HETV') production companies, together with the rental of other serviced accommodation at our studios to independent businesses that support film and television production. The production accommodation is predominantly let under long-term contracts, with high occupancy of the other serviced accommodation let under +1-year rental contracts.

- ***Production Services*** represents our ancillary businesses, including Post-production, Television and international sales and marketing and profit-sharing agreements.

The film and HETV sector started the year positively, with the global production houses signalling their focus would be on producing high quality content for the streaming platforms and cinemas. However, the year saw two industry strikes in the US, with members of the Writers Guild of America ('WGA') and the Screen Actors Guild and the American Federation of Television and Radio Artists ('SAG-AFTRA') going on strike from May and July 2023 respectively. The strikes saw filming come to a virtual halt at the studios and across much of Europe and North America, before the WGA strike ended in late September 2023 and SAG-AFTRA settled their dispute in early December 2023. With typically around 90% of our Group revenues and contribution being generated by the Global Studios segment, where our studio and associated facilities are let under long- or mid-term contracts, this business segment was relatively unaffected by the industry strikes. The smaller Production Services segment which makes up the remainder of the Group's revenues and contribution was impacted by the strikes, as was our studio lighting associate of which the Group owns a 25% share. Production Services was also impacted by a slowdown in TV show commissioning across the UK market.

FY24 was a year of transition, with growth in our studio infrastructure overseas and in the UK. In May 2023, the Group acquired Pinewood Toronto Studios ('PTS'), a purpose-built facility offering 16 sound stages and associated production accommodation. In December, following the ending of the strikes, the Group entered into a new long-term rental contract over five of the stages and other accommodation on the PTS site with Amazon MGM Studios ('Amazon'), with the remaining eleven stages let under a mix of short-term to multi-year rental contracts. Construction of our studio expansion at Shepperton, comprising 17 sound stages and associated accommodation, entered its latter phases. Over the course of the second half of the year and into April 2024, the new facilities were completed and handed over to our customers, Amazon and Netflix, under long-term rental contracts. Shepperton Studios is now the second largest film studio in the world. The Group is well placed to continue to optimise results from the newly expanded studio capacity, and to assess and evaluate opportunities for further growth.

We continue to focus on our environmental, social and governance ("ESG") responsibilities, with strategic oversight governed by the Group's ESG committee. The Group invested c. £1 million in, and agreed a 15-year contribution to, the development of *Studios Walk* along the Shepperton Studios boundary, delivering significant environmental improvements on the River Ash, including footpaths, a walking route and footbridge for the local community. Further, the first year of conservation and restoration work was delivered at Manor Farm, close to Shepperton, under a ground-breaking 30-year agreement with the Surrey Wildlife Trust, which will deliver a net gain for nature and biodiversity.

The Group also hosted the UK's biggest screen industry careers event, 'Set for More: Futures Festival', for the second year. Held over two days, global industry leaders were invited to share their career and sector experience, thereby inspiring and educating students about the career opportunities across our industry. In support of the Government's initiative to improve social mobility through education, we targeted the Government's 12 'Opportunity Areas' across the UK and some 4,000 people were welcomed to the studios.

In March 2024, the Group raised £750 million 6.0% senior secured notes due March 2030, whilst simultaneously launching a tender offer process to buy back the existing £750 million 3.25% senior secured notes due September 2025. In April, the proceeds were used to repay £459.7 million of notes due September 2025, with £290.3 million invested in UK Government gilts maturing in September 2025 to repay the remaining notes.

Strategic Report (continued)

Business Overview (continued)

Finally, we were pleased to welcome David Conway as Chief Executive Officer to the Group in November 2023. David was previously Chief Financial and Operating Officer at Independent Television News ("ITN"), and prior to ITN was Chief Executive at BBC Studioworks. Paul Golding, the former Interim CEO of the Group, continues to have an active and ongoing role in the Group, now as Chair of the Board.

Business review

Statement of Comprehensive Income

The Group presents its results in the statement of comprehensive income to separately identify the impact of certain items ("adjusted items") to provide a clear and consistent presentation of the underlying operating performance of the Group. Adjusted items are transactions that are unusual in size or nature or have limited predictive value such as disposals, discontinued operations, impairments, certain fair value remeasurements and other significant items where the Group considers separate disclosure would be useful. There were two adjusted items in FY24 and details about them can be found in the adjusted items section below and in Note 3 to the financial statements; there was one adjusted item arising in FY23.

Group revenue grew to £146.5 million for the year, which was £26.0 million ahead of the prior year (FY23: £120.5 million) in what was a year of positive transition for the Group. This was driven by Global Studios revenue which increased by £31.1 million on the prior year to £135.6 million (FY23: £104.5 million). Within Global Studios, the vast majority of our production accommodation is let to key customers under long-term contracts, and revenue growth was mainly due to the additional studio capacity integrated into the Group alongside inflationary clauses within our existing long-term contracts.

Five new stages on the Pinewood Studios site, constructed partway through FY23, were let to Disney throughout the year, the acquisition of PTS on 3 May 2023 delivered revenues for 11 months of the year, three new stages at Shepperton North West were let under long-term contract from October 2023, and substantively all of the new accommodation at Shepperton South started to contribute during Q4 FY24. Production Services revenue, at £10.9 million, was £5.1 million below that of the prior year (FY23: £16.0 million) due to the impact of the strikes on the schedule of production content available to Post-production, a reduction in the commissioning of TV shows by UK broadcasters (experienced across the market) impacting TV studio rentals and the termination of the sales and marketing arrangement in place with PTS before the acquisition.

Cost of sales expenditure increased by £20.6 million to £71.4 million (FY23: £50.8 million), with the majority of the increase relating to the Group's growth programme. Eleven months of additional depreciation and costs in running PTS contributed around 50% of this overall increase, with the majority relating to depreciation. As required under UK GAAP, the balance sheet of PTS was recognised at fair value on the day of acquisition, with tangible assets recognised at a higher value than their historical book values.

The remaining uplift was predominantly from increased depreciation and business rates relating to the Shepperton expansion and the five new stages at Pinewood Studios. Depreciation charges at Shepperton commenced on the date of practical completion, thereby reducing the gross profit generated in the period of build completion. Additionally, the expansion programme at Shepperton resulted in a further uplift in other operating costs (e.g. security, cleaning, and insurance), with certain costs commencing earlier than the rental income to ensure the studios were running appropriately on opening.

The Group also saw an anticipated increase in business rates at the legacy Pinewood and Shepperton Studios. This followed the Valuation Office Agency's ('VOA') 2023 uplift in the rateable value of UK studios, with these charges mitigated by the Government's transitional relief scheme. Business rates recognised for the newly developed accommodation at Shepperton will benefit from the Government's new 10-year scheme which will offer a 40% discount to rates set by the VOA from April 2024. These increases were partially offset by lower cost of sales in the TV and Post-production businesses, as expected from the associated revenue reduction in these businesses.

Taking the above factors into account, gross profit for the year amounted to £75.1 million, representing an 8% or £5.4 million improvement on the prior year (FY23: £69.7 million). The gross profit margin for the year of 51.3% was 6.6ppt below the prior year (FY23: 57.9%), with the benefit of increased studio capacity being offset by the depreciation charges associated with the Shepperton expansion, the depreciation of fair value accounting on acquisition of PTS, and higher business rates.

Selling & distribution costs and administrative expenses, together totalling £14.7 million (FY23: £8.8 million), increased principally due to the acquisition of PTS, including the amortisation of goodwill arising on acquisition.

Strategic Report (continued)

Business review (continued)

Statement of Comprehensive Income (continued)

Adjusted other operating expenses were £nil in the year (FY23: £0.1 million). However, during the year, the Group set aside funds to continue the long-term incentive plan ('LTIP') set up in FY23 following the recapitalisation of the Group, 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 year to 31 March 2024, the plan gave rise to adjusted charges of £4.2 million (FY23: £8.2 million). As the plan is considered unusual in size, it has been presented as an adjusted item as it is of limited long-term predictive value. The long-term incentive plan is expected to give rise to a smaller level of adjusted charges and payments over the period to December 2025.

Adjusted operating profit of £60.4 million (FY23: £60.9 million) was relatively level with that of the prior year, delivering an adjusted operating profit margin of 41.2% (FY23: 50.5%). As with the Gross profit margin impact noted above, the margin benefit of increased studio capacity was offset by the depreciation charges associated with the Shepperton expansion, the depreciation and amortisation of fair value accounting on acquisition of PTS and higher business rates. Operating profit after adjusting items of £56.2 million (FY23: £52.7 million), increased by £3.5 million versus the prior year, mainly due to the £4.0 million lower adjusted charge relating to the LTIP scheme offsetting the £0.5 million lower adjusted operating profit.

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 was impacted by the strikes, with lighting services significantly curtailed during the production hiatus. The Group recognised its 25% share of the results of PMBS, amounting to a loss of £1.3 million in the year (FY23: profit of £3.7 million).

Adjusted interest receivable and similar income of £10.5 million was £5.9 million below the prior year (FY23: £16.4 million). Interest income from the parent reduced by £4.1 million to £7.0 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, reducing by £1.2 million versus the prior year, as cash was deployed into our studio expansion programme resulting in a reduction in the Group's average cash balances. Interest receivable and similar income after adjusted items of £14.0 million (FY23: £16.4 million) included a gain from the refinancing of the Group's £750 million 3.25% senior secured notes due September 2025 under a tender offer, whereby £459.7 million of bonds were surrendered at a discount to par value.

Interest payable and similar charges increased by £7.5 million to £44.3 million (FY23: £36.8 million). This mainly resulted from a new Canadian dollar bank loan drawn to part-finance the PTS acquisition, and the year also included £1.0 million of net foreign exchange losses on Canadian dollar cash balances which were largely incurred on the cash balance held prior to the execution of the acquisition of PTS.

Adjusted profit before tax was £25.3 million in the year (FY23: £44.3 million). Whilst adjusted Operating profit was broadly similar to the prior year, profit before tax was impacted by the impact of the strikes on the results of PMBS and increased net interest charges as a result of deploying cash in the UK and raising debt in Canada for the Group's growth programme.

The combined adjusted charge for current and deferred tax was £8.4 million (FY23: £9.5 million). This represents an overall adjusted effective tax rate of 33.3% (FY23: 21.4%). The effective tax rate is increased by the loss recognised from our lighting associate in the year, and the amortisation of goodwill on the acquisition of PTS and non-allowable depreciation, as these items are not deductible for tax purposes. 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.

As stated above, adjusted profit before tax decreased by £19.0 million to £25.3 million (FY23: £44.3 million), whilst statutory profit before tax reduced by £11.5 million to £24.6 million (FY23: £36.1 million). FY24 included an adjusted charge of £4.2 million in relation to the second year of the LTIP scheme (FY23: £8.2 million), which in FY24 was offset by a £3.5 million gain from the refinancing under a tender offer of the Group's 3.25% senior secured notes due September 2025 (FY23: £nil). Including the adjusted post-tax items totalling £0.5 million charge in FY24 (FY23: £6.6 million), statutory profit after taxation decreased by £11.8 million to £16.3 million (FY23: £28.1 million).

Strategic Report (continued)

Business review (continued)

Statement of Comprehensive Income (continued)

Adjusted Items

During the financial year to 31 March 2024, there were two items presented as adjusted items:

- Other expense/ income: The LTIP detailed above gave rise to adjusted charges of £4.2 million in the year (FY23: £8.2 million). The plan is expected to give rise to a smaller level of adjusted charges and payments over the period to December 2025.
- Interest receivable and similar income: During the year, the Group refinanced its £750 million 3.25% senior secured notes due September 2025. This was achieved through a tender offer, whereby £459.7 million of bonds were surrendered immediately at a discount to par value, leading to an adjusted gain of £3.5 million after fees incurred.

Along with an associated net tax credit at 25.0% of £0.2 million (FY23: £1.6 million), these have been presented as adjusted items as the charges are considered unusual in size and are, therefore, of limited long-term predictive value.

A reconciliation of the financial performance of the Group excluding adjusted items to the total results of the Group is shown in the statement of comprehensive income on page 29.

Statement of Financial Position

The Group's net asset position at 31 March 2024 was £224.6 million (2022: £208.2 million), the increase of £16.4 million arising as a result of a profit after tax of £16.3 million, with the remainder being from net currency translation gains and cash flow hedge movements. There were three main areas of activity affecting the statement of financial position within the year being, the acquisition of PTS, the finalisation of the studio expansion works at Shepperton Studio, and a refinancing and a tender offer of the £750.0 million 3.25% senior secured notes due September 2025.

Non-current assets increased by £331.1 million during the year. A significant element of this increase was from the recognition of property, plant and equipment of PTS at fair value of £258.4 million and goodwill of £47.8 million on acquisition. In order to fund the acquisition of PTS, £125.0 million of capital was injected into the Group by PGV SCSp via the immediate parent company, by the reduction of a pre-existing receivable balance with the parent. Further, the Group continued its studio expansion works in the UK, so further contributing to the increase in property, plant and equipment.

Current assets increased by £583.0 million, which includes an increase in cash and cash equivalents of £576.0 million. This incorporates net operating cash inflows, offset by net cash outflows from the acquisition of PTS and part financing thereof, the purchase of plant and equipment as the Group continues to deliver the studio expansion, and a receipt of £748.4 million of cash from the refinancing which closed at the end of the year.

Offsetting the growth in total assets is a £897.6 million increase in total liabilities. The Group's non-current liabilities increased by £440.5 million, due to new Canadian bank loan of C$175 million taken out to part fund the acquisition of PTS, but mainly on recognition of the newly raised £750.0 million 6.0% senior secured notes due March 2030. These additional sources of non-current funding were offset by the transfer of £459.7 million (par value) of 3.25% senior secured notes being transferred to current liabilities, in readiness for repayment at the start of April 2024. Consequently, current liabilities increased by £457.2 million.

Further, non-current deferred tax liabilities increased by £51.3 million. This increase arises mainly from differences in the tax values and the accounting fair values for PTS, and also the use of available current tax deductions, largely first-year capital allowances available from the Group's expansion projects, in excess of depreciation charges on the related assets. The deferred tax liabilities will reverse over the life of the studio expansion assets.

Borrowings

Borrowings of £750 million of 3.25% senior secured notes due September 2025 and £300.0 million of 3.625% senior secured notes due November 2027, remained in place throughout the year. On 27 March 2024, the Group closed a financing round of £750.0 million of 6.0% senior secured notes under a tender offer, to repay the £750.0 million 3.25% senior secured notes due September 2025. This new issue temporarily brought the total senior secured notes position to £1.8 billion. Cash on balance sheet at the end of the year rose to £828.1 million (FY23: £252.2 million), and immediately after year end £454.0 million of the cash balance was used to settle £459.7 million (par value) of the 3.25% senior secured notes due September 2025.

Strategic Report (continued)

Business review (continued)

Borrowings (continued)

As a part of the refinancing, the Group's super senior revolving credit facility increased to £76.0 million, of which £1.0 million expires in March 2025, £15.0 million expires in May 2027 and £60.0 million expires in September 2029. During December 2023, £12.0 million of the facility was drawn for one month to temporarily 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. Both the senior secured notes and the revolving credit facility are secured on certain principal assets of the Group.

As a part of the acquisition financing of PTS in May 2023, the Group raised a Canadian $175 million floating rate 5-year term loan as described in Note 19. At the same time, the Group entered into an interest rate swap to fix the interest payable at 5.7% for the term of the loan.

Adjusted net debt as at 31 March 2024 increased to £1,074.2 million (FY23: £797.8 million), mainly due to a net cash increase from operating activities of £49.9 million, less cashflow used in investing activities of £322.8 million in connection with studio expansion works, and the portion of the acquisition of PTS which was funded through the new term loan and cash. See performance measures on page 8 for the calculation of adjusted net debt.

Cash flow

At 31 March 2024, the Group held cash and cash equivalents of £828.1 million, having refinanced the Group's £750.0 million 3.25% senior secured notes due September 2025 under a tender offer. The new financing closed on the last working day of the financial year and in April 2024, an amount of £454.0 million was paid to settle £459.7 million (par value) of 3.25% notes due September 2025, at a discount of 1.25%. Additionally, proceeds of £290.3 million were invested in fixed-rate UK Government gilts, maturing in September 2025 when the remaining 3.25% notes are due to be settled.

The Group's cash balances increased by £576.9 million during the year, before exchange differences (FY23: £232.5 million outflow). As anticipated, £49.9 million of cash was generated through the Group's operating activities after interest and tax. Continuing our growth programme, £199.9 million was invested in capital expenditure*. In relation to the PTS acquisition, the Group received £125.0 million of funding from 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, together totalling £247.9 million in the year. Other financing activities include the £748.4 million receipt, net of fees, from the new issue of £750.0 million 6.0% senior secured notes.

The £49.9 million of cash generated through operating activities after interest and tax reflected an improvement of £7.5 million on the prior year (FY23: £42.4 million). This improvement is due to the following factors:

i. An £19.0 million increase in cash flows from operating activities before movement in working capital to £83.1 million (FY23: £64.2 million). This uplift represents the £0.5 million decrease in adjusted operating profit as described above, plus a year-on-year improvement in other operating expenses adjusted items relating to the Group's LTIP totalling £4.0 million, and after adding back the increase between the years in depreciation, amortisation charges and profit/ loss on disposal of assets together totalling £15.5 million.

ii. A £4.6 million lower working capital inflow to a £5.6 million inflow in FY24 (FY23: £10.2 million inflow). The change in working capital benefits between the years reflects differences in resale activity receipts and payments, the timing of VAT payments and its recovery from HMRC on our capital expansion programme, and the start of rental income from new production accommodation whereby the first year typically benefits from cash received in advance of the period.

iii. A £6.6 million increase in net interest payments, mainly due to the Group raising a C$175.0 million bank loan to part fund the PTS acquisition in May 2023, with the related quarterly interest payments totalling £5.9 million after the effects of interest rate hedging.

iv. A £0.3 million increase in income tax paid to £0.3 million (FY23: £nil). The Group expects to claim capital allowances arising on expenditure in relation to the UK studio expansion programme, which will substantially offset UK taxable profits for FY24, in addition to those of FY23. Tax was paid in Canada.

Strategic Report (continued)

Business review (continued)

Cash flow (continued)

Net cash outflow from investing activities totalled £322.8 million (FY23: £274.9 million). The Group spent £199.9 million (FY23: 314.3 million) on capital expenditure*, largely in respect of the Group's studio expansion programme. In addition, the Group received a £125.0 million capital injection, from its parent, to part fund the acquisition of PTS which completed for £247.9 million. In the prior year, the Group also received a net £40.0 million 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 amounted to a £849.9 million inflow (FY23: £nil), with the Group receiving proceeds net of arrangement fees of £748.4 million from the refinancing of the senior secured notes due September 2025 and £101.5 million from a bank loan raised to fund the acquisition of PTS.

Performance measures

Performance of the Group is monitored internally using a variety of statutory and alternative performance measures ("APMs"). APMs are used where management considers they are more representative of underlying trading or in monitoring performance against the Group's objectives. Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) is an important metric because it reflects the underlying earnings of the core business, and excludes items with limited predictive value or non-recurring in nature. Accordingly, Adjusted EBITDA is reflective of normalised cash flow and is a measure monitored by the Group's investors and other stakeholders. The adjusted net debt measure is considered helpful to understand the effective interest rate calculations on the Group's borrowings by excluding accrued interest and amortised cost adjustments, and the effect of amounts placed on deposit or securities purchased as part of the Group's treasury management activities. Definitions of the APMs (which are considered to be the Group's key performance indicators) and reconciliations to the equivalent statutory measures are detailed below.

For the year ended 31 March		**2024**	2023
	Note	**£'000**	£'000
Turnover	2	**146,473**	120,506
Adjusted EBITDA (see below)		**86,048**	76,042
Adjusted EBITDA margins (adjusted EBITDA/Turnover)		**58.7%**	63.1%
Cash generated from operations (Group Statement of Cash Flows)		**88,694**	74,306
Net cash flow from operating activities (Group Statement of Cash Flows)		**49,881**	42,430
Adjusted net debt (see below)		**(1,074,219)**	(797,828)
Adjusted capital expenditure		**199,897**	313,166

Adjusted 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, as disclosed in the cash flow statement.

Strategic Report (continued)

Performance measures (continued)

Reconciliation of profit after taxation to adjusted EBITDA

For the year ended 31 March	Note	2024 £'000	2023 £'000
Profit after taxation		**16,333**	28,138
Tax charge on profit	10	**8,252**	7,935
Net interest payable and similar charges	8/9	**30,304**	20,373
Depreciation of property, plant and equipment	4	**21,578**	10,407
Amortisation of intangible assets	4	**5,355**	952
Loss on disposal of property, plant and equipment, and investments	4	**-**	58
EBITDA		**81,822**	67,863
Adjusted Items:			
Other operating expenses	3	**4,226**	8,179
Adjusted EBITDA		**86,048**	76,042

Reconciliation of adjusted net debt

As at 31 March	Note	2024 £'000	2023 £'000
Non-current assets: derivative financial instruments in cash flow hedging relationships	20	**225**	-
Current assets: Cash and cash equivalents	15	**828,136**	252,172
Current assets: term loan interest prepayment	14	**679**	-
Current assets: derivative financial instruments in cash flow hedging relationships	20	**1,278**	-
Non-current and current borrowings: High yield bond	19	**(1,792,948)**	(1,050,504)
Non-current borrowings: term loan	19	**(101,160)**	-
Net debt		**(1,063,790)**	(798,332)
Adjustments:			
Derivatives in cash flow hedging relationships	20	**(1,503)**	-
High yield bond interest accrual	19	**4,422**	4,052
Term loan interest prepayment	14	**(679)**	-
Tender offer gain	3	**(4,054)**	-
Financing arrangement costs net of premium received		**(8,615)**	(3,548)
Adjusted net debt		**(1,074,219)**	(797,828)

Strategic Report (continued)

Risk Management

The Group considers the risks and uncertainties which the business faces within the short to medium term, although given the asset-based nature of the Group, also maintains a longer-term view. The Group considers its principal risks to be those outlined below. In addition to these, the Group reviews other ancillary and emerging risk areas, which are outlined later in the report (see page 11).

Principal risks and uncertainties

Competition risk from new entrants

We face competition from existing studios and new market entrants, both in the UK and internationally. That said, long-term contracts are in place for 100% of the Global Studios production accommodation at our UK sites, including that of the newly developed Shepperton expansion which was fully delivered to our customers over the course of the second half of the financial year and into April 2024. Rent is payable in advance, and the risk of low occupancy levels or downward pressure on our rates is substantially eliminated in the medium-term, albeit credit risk is relatively concentrated.

The Group acquired PTS in May 2023. During the year Amazon signed a long-term rental contract for around one third of the PTS site meaning the majority of the PTS production accommodation is now let under long- or mid-term contracts, providing a level of income protection in a similar way to the UK operations.

If the Group were to further expand in the UK or overseas without long-term customer contracts in place, or any mid-term contracts were not renewed, these new facilities would be subject to greater competition risk in the event that they were sold short-term in the spot market. Accordingly, any new studio expansion projects would be subject to rigorous market-testing such that we were confident of high-levels of occupation and a compelling return on investment.

Our ancillary businesses (TV and Post-production) are subject to competition from both existing facilities and providers as well as new entrants.

Economic environment and government policy

Our business is influenced by general economic trends. Whilst the demand for films and streaming platforms has been generally resilient through recent years, there is no certainty that this will always be the case. Prolonged inflation impacting consumers' purchasing power may affect demand for streamer subscriptions and cinema viewings and, therefore, our customers' need for production accommodation. Similarly, the race for content creation since the pandemic has moderated with the main production houses announcing that they will produce less content in the coming years, with a greater focus on quality over quantity. Labour strikes held by any group of workers associated with the creation and production of film content, may also lead to a short-term reduction in the requirement for studio space (as experienced during 2023).

The long-term contracts with our customers broadly mitigate the short-term financial risk to the Group through periods of lower demand for production accommodation and the risk from strikes. However, we remain exposed to the economic environment on production accommodation not let under contract and in our ancillary businesses such as Media Hub, TV and Post-production. The Group trades with recognised, creditworthy third parties and it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

With regard to government policy, the new Government may respond to an economic downturn by changes to tax laws, rules or treaties or their application or interpretation. Potential changes to the UK audio-visual expenditure credits, or an increase in incentives in overseas jurisdictions, may damage the attractiveness of the UK as a destination for film content creation. That said, in FY24, the UK Government reinforced its support for the industry with additional financial incentives for the sector, in an encouraging move which was warmly welcomed by HM Official Opposition on 27 May 2024.

It is possible for a proportion of our cost base to be subject to inflation above RPI, such as business rates or insurance costs, and it may not always be possible to pass these cost increases on to our customer base, thereby leading to lower profit margins. For example, the VOA published revised rateable values for the existing Pinewood and Shepperton Studio buildings effective from 1 April 2023. These have increased the Group's business rates on studios versus the previous year, albeit these increases are capped by the Government's new relief scheme for the Film and HETV studio sector, which is available for all studio space for ten years from 1 April 2024.

Strategic Report (continued)

Risk Management (continued)

Principal risks and uncertainties (continued)

Expansion plans, development and liquidity risk

The Group owns land adjacent to its studios, which would be suitable for studio development in the future. Our ability to develop on this land is dependent on retaining the existing planning permissions from the local authority. Whilst the UK is a location of choice for the creation of film and high-end TV, changes in planning law and/or decision of local authorities may affect our future developments.

Once construction is underway, any unforeseen factors such as design complications and amendments or infrastructure matters, could result in higher costs and delays leading to reduced revenue from any delayed opening. Similarly, the Group may be exposed to commodity price inflation. These risks could impact the Group's future expansion considerations, its operations and ability to generate the required returns.

The Group employs a skilled team of property experts and engages external advisors throughout the design, planning and construction phases to help mitigate these type of development risks. The financial impact of any expansion plan is assessed having regard to our capital resources and is closely monitored throughout the course of each project. Where appropriate, the Group seeks to eliminate the risk of commodity price inflation through fixed price construction contracts.

Our ability to fund future potential expansion plans may be affected by a number of factors including general economic conditions, investment appetite and business valuations.

Business continuity and disaster recovery

There is a risk of personal injury as productions and construction teams use and move around our sites, given the nature of their operations and activities. A major incident, such as a fire or explosion, could put people and/or the site at risk, and damage the Group's operations and reputation.

A dedicated in-house health, safety and fire team carries out regular risk assessments, and works closely with our customers' operational and HSE teams to oversee the daily safety of site-wide operations. The Group's studio and safety regulations are communicated to all customers, suppliers and visitors, with all staff trained as appropriate. The Group's disaster recovery plan is ready to be activated, and a business continuity team is in place, to ensure that operations continue as far as possible in the event of a major incident. Separately, the Group has an insurance portfolio which is designed to mitigate the financial impact of potential incidents.

Environmental risk

Our studios were originally built in the 1930s and have seen reconstruction, expansion and varied use since opening. As a result, there is potential for the presence of materials now known to be hazardous (e.g. asbestos) and for undetected contaminants in the soil. Additionally, certain areas of the studios and potential expansion areas sit on former landfill and mineral extraction sites, with the potential for gas leakage or other structural changes. There is also the risk that our customers may use products which, if not managed carefully, could be harmful to the environment.

The Group has a health and safety process for managing the presence of hazardous materials at its studios, which includes works to remove or secure these materials in accordance with the health and safety legislation. The Group also monitors former landfill to ensure any remedial measures are effective at containing leakage. The risk to the Group from building on former mineral extraction sites is considered at the time of construction, to ensure appropriate structural solutions are employed. Our Environmental and Sustainability Manager regulates activities on site that have the potential to cause damage or disruption, ensuring that staff are appropriately trained to manage potential risks.

Climate risk

Failure to anticipate and respond to the causes of and impacts from climate change, creates both a short- to medium-term risk to our business, together with being of longer-term concern. In the short-term, continuing to enhance and articulate our business practices and implement our ESG roadmap are crucial to meeting our obligations as a responsible employer, fitting with our customers' and investors' expectations and attracting them to our business. In the longer-term, the risk of increased severity and unpredictability of the weather, may cause severe damage to our property or make it unsuitable for future use.

Strategic Report (continued)

Risk Management (continued)

Principal risks and uncertainties (continued)

We are also conscious of climate-related transition risk, particularly in relation to minimum energy efficiency standards and the potential impact on our ability to lease buildings should they be deemed inefficient in future. Non-domestic property is expected to achieve an EPC rating of ‘C’ by 2027, and an EPC rating of ‘B’ by 2030, and the Group has its estate under review and further investment is likely required to achieve these requirements.

The Group’s ESG committee oversees the ESG aspects relevant to our business, including climate-related issues and ESG risks and opportunities. The Group’s ESG Strategy Statement includes detail on the strategies we are developing to reduce the environmental impact of our activities and to mitigate the impact of climate change on our business.

Since April 2020, the Group has purchased 100% renewable electricity for the studios, including tenant usage. Based on FY24 consumption data, we have achieved a 48% reduction in emissions using the location-based calculation methodology (i.e. not including renewable purchases) and a 70% reduction using a market-based calculation. Advancements in metering across our sites mean that we are now able to report and manage our emissions inventory with greater granularity, differentiating between individual buildings and the energy used by the Group and by our tenants. We also seek to reduce transport-related emissions, continuing the use of shuttle buses for staff and visitors to reduce private car usage, and enhancing the provision of cycle parking and EV charging points within carparks.

Other and emerging risks

The Group considers other specific risk areas, which are in addition to its principal risks above. The Group also considers emerging risks, which are those where the extent, implications and timeframe are not yet fully known.

The Board recognises the risks associated with the ongoing invasion of Ukraine and the global political instability. This includes contemplating potential operational risks, such as the regular provision of power and other services to the studios, and financial aspects, such as the resultant rise in the base interest rates, which has and may continue to increase the cost of funding the Group and its growth agenda.

The Board continues to monitor the risks associated with leaving the EU and the spread of respiratory infections, and views these as having become a part of our day-to-day control framework, rather than separate standalone risks. In respect of the risk of spreading respiratory infections, the Board is committed to maintaining the health and wellbeing of all persons using the studios and continues to adhere to relevant UK Government guidance.

Other specific and emerging risk areas include:

- Cyber security and data protection; the Group’s Data Breach Committee meets monthly to provide governance in this area. We have improved and invested in technology, processes and training programmes to mitigate the ever-increasing risk from cyber threats and data loss, recognising the increase in remote working, frequency of ransomware attacks and heightened security incidents due to current political instability and conflicts abroad;
- The evolution of artificial intelligence and its impact on the film and HETV industry;
- ESG compliance including reporting obligations; and
- The attraction and retention of high calibre employees – we have invested in our people through the provision of specialist and managerial training programmes.

We continue to monitor and respond to each risk area.

Strategic Report (continued)

Sustainability

Pinewood is dedicated to contributing to a sustainable future for the screen-based industries. The Group strives to improve its environmental performance and minimise negative impacts on the surrounding environment. Our approach to sustainability is multi-faceted, including energy and carbon reduction, sustainable travel, environmental protection and enhancement, support for the local community and education programmes to build industry capacity.

In FY23, Pinewood conducted a comprehensive review of its ESG approach, policies and processes to ensure resources and investment are directed to the right areas. This resulted in a new ESG roadmap setting out a number of commitments across ESG areas.

Some highlights from FY24 for Pinewood's ESG roadmap priority areas are detailed below:

Environmental

Priority areas: climate action; waste, recycling and circular economy; biodiversity; green buildings.

The Group is committed to ongoing energy and carbon efficiency improvements and is targeting to reduce energy-related GHG emissions by 50% by 2030, based on a 2012 baseline (including scope 1, 2 and selected scope 3 emissions). As at the end of FY24, Pinewood has achieved a 48% reduction in emissions using the location-based approach and 70% reduction using the market-based approach. The latter includes the impact of purchasing 100% of electricity from renewable sources since April 2020.

Pinewood is currently working on a new Carbon Management Plan and is reviewing emissions targets as part of that work. The first part of this is an updated FY24 energy audit, including the engagement of technical consultants to determine building performance across the estate and to refine opportunities for energy and carbon reductions with guidance on investment requirements. Pinewood also seeks to reduce transport-related emissions, continuing the use of shuttle buses for staff and visitors to reduce private car usage, and enhancing the provision of cycle parking and EV charging points within carparks.

The Group has achieved zero waste to landfill for operations under its control since 2019 and has implemented various initiatives to assist our customers and promote a circular approach, for example, partnerships for timber supply and recycling to manage the issue of waste from our tenants' productions.

Further, we are cognisant of the long-term impact of the new infrastructure and buildings recently constructed at the Shepperton expansion. The Group has achieved a *Very Good* rating under the BREEAM New Construction green building rating system, and all new buildings have achieved an Energy Performance Certificate rating of B or above. Embedded sustainable solutions include air-source heat pumps to heat the offices and PV panels to provide on-site, renewable energy.

In September 2023, the Group officially opened the River Ash Corridor, known as Studios Walk, on completion of biodiversity enhancements carried out in partnership with Spelthorne Borough Council. The enhancements included an investment of c. £1 million into Studios Walk, that runs along the Shepperton Studios boundary. Future maintenance will be undertaken by Spelthorne Borough Council, funded by the Group, with a £300,000 grant to be allocated over 15 years. Pinewood has also planted approximately 60,000 trees and shrubs across Pinewood East and Shepperton Studios and created new water bodies and wildflower and woodland habitats.

Social

Priority areas: stakeholder engagement and inclusion; diversity, equality and inclusion (DEI); human capital development and education.

Pinewood is committed to supporting young people from underprivileged backgrounds across the UK, with a host of programmes and events aimed at increasing industry awareness and developing skills. In April 2023, the Group launched an employment programme named 'Behind the Screen', following the success of the Government's Kickstart Scheme launched in 2021. Our 'Behind the Screen' trainee programme is designed to help people who are currently out of work take their first step into the world of film and TV. Placements are paid, six months long and work across Pinewood's Post-production, TV, Health and Safety and Facility Services departments. The Group also offers a range of different apprenticeship opportunities, employing six apprentices in a variety of areas in FY24.

To inspire and educate the next generation of talent, Pinewood launched the Futures Festival in November 2022. The annual event is UK's largest free careers event for youth looking to start a career in film and TV industry. Pinewood Studios, supported by over 50 companies in the sector, opened its doors to 4,000 people from across the UK in November 2023, with 20 global industry leaders invited to share their career and sector experience at the event.

Strategic Report (continued)

Sustainability (continued)

The Group also supports the British Film Institute ('BFI') Academy Scheme which introduces young people aged 16-25 across the country to film and television production. Pinewood gives their support by offering space at both Pinewood and Shepperton Studios for training events and the scheme's graduation. Pinewood also offers scholarships at the National Film and Television School (NFTS) to those living in areas local to Pinewood and Shepperton Studios. In February 2024, Pinewood announced that Shepperton Studios would provide £20,000 per annum for five years to fund short courses for specific training in skills relating to the film and TV industry.

The Group is involved in numerous community events that take place in and around the studios, including hosting a number of community screenings every year and an annual Remembrance Service and Carol Service. Pinewood also supports local schools, which in FY24 included Pinewood staff volunteering to repaint classrooms and areas of the Iver Heath Junior School. In 2022, Pinewood Group established the Shepperton Community Fund, a £500,000 charitable fund to support local individuals and non-profit and voluntary organisations in Shepperton and the wider borough of Spelthorne. In August 2023, Pinewood Group awarded the third round of grants from the Fund.

Governance

Priority areas: Legal compliance; risk management; supply chain management and procurement

The duties fulfilled by the Board are, in part, set out in the Group's governance framework. The framework exists to promote effective controls and a culture of transparency within the Group. Where appropriate, the Board discharges certain day-to-day responsibilities to the Senior Leadership Team which includes three Executive Directors, including David Conway, Barbara Inskip and Andrew Smith and other senior employees, to deliver the strategy and manage risk. In addition, a Senior Management Group ('SMG') has been formed which is made up of 25 staff members at the level below the Senior Leadership Team and meets quarterly with the Chief Executive Officer. The purpose of the SMG is to provide further support to the Senior Leadership Team and ensure engagement and clear communication on major corporate initiatives such as the introduction of new commercial arrangements, customer experience, human resources policies, new working practices, changes in health and safety management, and significant property initiatives, as SMG members will often be responsible for supporting and deploying such Group initiatives.

For further information on the policies and procedures the Board has put in place to support the Group's operating strategy please see our Section 172 statement on page 15.

Other priority areas: ESG governance and disclosure

The management of ESG risks and opportunities is addressed by Pinewood's ESG Committee, with cross-functional oversight and representation from the Board of Directors including the Chief Executive Officer. The Committee meets on a quarterly basis, in conjunction with the compliance, health & safety and facilities management teams.

As with the previous year, emissions in FY24 have fallen in the UK compared with FY23. Carbon has fallen in both scope 1 and 2 emissions despite an increase in the estate size. These reductions have been achieved by improvements in site infrastructure along with the more efficient technologies used by clients within the estate.

Strategic Report (continued)

Sustainability (continued)

The Group's UK carbon footprint for the years to 31 March is as described below. The information has been prepared following the 2019 UK Government Environmental Reporting Guidelines, using the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2023 to calculate the disclosures:

	FY24	**FY23**
Energy consumption used to calculate emissions (kWh)	42,092,011	47,630,488
Emissions from combustion of gas tCO_2e (Scope 1)	3,965	3,321
Emissions from combustion of other fuels tCO_2e (Scope 1)	1,110	2,008
Emissions from combustion of fuel for transport purposes tCO_2e (Scope 1)	10	17
Emissions from business travel in rental cars or employee-owned vehicles tCO_2e (Scope 3)	1	1
Emissions from purchased electricity tCO_2e (Scope 2, location-based)	3,716	4,026
Total gross tCO_2e	8,803	9,372
Intensity ratio: tCO_2e/ sq ft floor area	0.0029	0.0045
Methodology	GHG Reporting Protocol	GHG Reporting Protocol
Emissions from purchased electricity tCO_2e (Scope 2, market-based factor)	0	0
Total annual net emissions tCO2e	5,087	5,347

Strategic Report (continued)

Section 172 Statement

The Directors are responsible for acting, in good faith, to promote the success of the company for the benefit of its shareholders as a whole whilst having regard to the matters set out in s.172(1)(a)-(f) Companies Act 2006.

Board of Directors

At the date of this report, the Board consists of seven Directors and their names can be found on page 1.

All Directors have received training on their duties from a professional adviser and had the opportunity to receive advice from the Company Secretary and independent advisers throughout the financial year, when judged necessary. The duties fulfilled by the Directors are, in part, set out in the Company's governance framework. The framework exists to promote effective controls and a culture of transparency within the Group. Where appropriate, the Board discharges certain day-to-day responsibilities to the Senior Leadership Team (which consists of the Executive Directors and senior Heads of Department) and other senior employees, to deliver the strategy and manage risk.

In addition to corporate governance, the Board is responsible for setting the culture and strategic direction of the Group and engaging with each of its key stakeholders to ensure the long-term success of the business. The Board meets monthly to review these matters, as well as the Group's policies and procedures. Further information on this can be found in the sections below.

Culture and values

The Group's vision is to be the leading studio partner to the global and progressive production community. The Directors are responsible for establishing and embedding a culture that aligns to this vision. The key values that underpin our culture are:

- passion for the services that the business delivers;
- pioneering and can-do attitude;
- integrity and respect;
- diversity, equity and inclusion; and
- teamwork.

The Directors recognise the importance of articulating the Group's culture to all employees. Our performance management and rewards are aligned to the Group's values and thus influence our ways of working.

Culture remains on the Board's agenda as a subject of continuous review. Through the results of the annual Pinewood employee engagement survey, employee retention metrics and customer feedback, the Senior Leadership Team evaluates the extent to which the culture is emulated by employees and makes recommendations to the Board as relevant.

Strategy

To achieve its vision, the Group has set out a strategy focused on three pillars:

1. Focus on the core business: maintain our position as the leading independent provider of infrastructure for the production of film and television content;
2. Expand at home: pursue demand led expansion of our UK studios whilst maintaining a judicious approach to development risk; and
3. Expand internationally: continually calibrate our international presence and expand in strategic markets, being present in those markets that are important to our customers.

Over recent years, the Directors have focused on delivering this strategy and executed several key initiatives, a selection of which are listed below:

- Focus on the core business: (i) entered into long-term leases for 100% of the legacy UK production accommodation and new long-term leases with two customers of our new production accommodation at Shepperton; and (ii) exited non-core business lines such as media investment;

- Expand at home: (i) completed two phases of expansion of Pinewood East, adding 9 stages plus ancillary production accommodation totalling c. 0.5 million square feet; (ii) completed the construction of five new stages at Pinewood West, fully occupied under a long-term contract; (iii) completed the construction of 17 new stages and ancillary production accommodation across Shepperton Studios totalling c. 0.9 million square feet, which are let under long-term contracts to two customers; and (iv) purchased 77 acres of land adjacent to Pinewood Studios and achieved outline planning consent including 21 new sound stages plus ancillary accommodation, which we refer to as "Pinewood South"; and

Strategic Report (continued)

Section 172 Statement (continued)

- Expand internationally: in advance of the execution of an expansion strategy the Group rationalised its presence by terminating its sales and marketing arrangements. In May 2023, the Group completed the acquisition of Pinewood Toronto Studios in Ontario, Canada and integrated the business as part of the Group's objective of expansion in strategic markets. The Group continues to consider opportunities in international markets that are important to its customers.

Pinewood is dedicated to contributing to a sustainable future for the screen-based industries, leading the way in building and operating sustainable film and television studios. The Group strives to improve its environmental performance and minimise negative impacts on the surrounding environment. Our approach to sustainability is multi-faceted, including energy and carbon reduction, sustainable travel, environmental protection and environmental enhancement. Our ESG Committee oversee the Group's ESG work, with cross-functional oversight and representation from the Board of Directors including the Chief Executive Officer.

Stakeholder engagement

Engaging with our stakeholders helps us to identify and deliver the objectives that matter most to them. Our stakeholders' objectives are embedded in the Group's culture, values and strategy as described above. Additionally, the Board considers the specific needs and objectives of the key stakeholders during the monthly Board meetings, either via feedback from senior management or targeted communications such as the Pinewood Employee Engagement Survey. The Board delegates follow-up actions to achieve such objectives as appropriate.

Stakeholders' interests	How we engage	Outcomes in FY24
Our customers and industry partners		
• First-class infrastructure and a secure environment required for the production of film and high-end television and broadcast content in locations close to prime city locations • Outstanding customer service • Active participant and thought leader in the British Film industry • Availability of highly skilled crew base capable of producing film and high-end television and broadcast content to an exceptional standard • An ecosystem of companies able to service productions • Technology and skills capable of producing world class multilingual audio mixes to tight timeframes	• Collaborate with our customers to understand their infrastructure and service requirements • Ad hoc meetings with producers, together with productions' customer surveys, to seek feedback • Request feedback from Media Hub tenants, who make up the studio ecosystem, through surveys and forums • Send regular notices and updates to, and hold a fortnightly virtual forum with, our productions on the latest operating protocols • The Group is actively involved with leading industry bodies such as the British Film Institute (BFI), British Film Commission (BFC), Women in Film & TV, the British Screen Forum, BAFTA, Creative Industry Trade Advisory Group (TAG), ScreenSkills, British Film Designers Guild, Creative UK and The Production Guild	• Over the second half of the year, 17 state-of-the-art stages and other production accommodation were completed at Shepperton, and let to Netflix and Amazon under long-term contracts • PTS entered into a long-term contract with Amazon for five sound stages and associated accommodation • Delivered targeted improvements at the legacy studios to enhance the customer experience of our iconic 1930s facilities • Following engagement with our customers, delivered 208 new electric car charge points across multiple locations across the Shepperton campus • Fully refurbished Post-production theatres adding Dolby ATMOS and IMAX monitoring, enabling enhanced mixing in some of our premium theatres

Strategic Report (continued)

Section 172 Statement (continued)

Stakeholders' interests	How we engage	Outcomes in FY24
Our employees		
• Health, safety and wellbeing • Career progression • Learning and development opportunities • Timely and efficient communication channels • Diversity and inclusion • Aligning Group and employee interests	• An annual all-staff engagement survey, responding accordingly • Seek employees' views through multiple channels, including: 1-to-1 meetings, monthly briefings on business activities and quarterly all-staff meetings • Support employees' mental and physical wellbeing, with an enhanced healthcare offering of 24/7 access to a virtual GP service, health support for all staff and other support services • Sponsor employees to undertake professional and accreditation courses • Provide annual training to all staff covering data protection, anti-bribery, health & safety, cyber security and other training necessary for particular roles • Management development course for upcoming and new managers, to grow the capability and skills of our existing and potential line manager population	• Over 100 employees gained trade and professional skills through a mixture of training courses, academic qualifications, professional body certifications, apprenticeships and university work placements • The Group has been running health and safety toolbox talks for employees as well as actively engaging with productions and clients' health and safety teams • Continued our management development programme. Supported internal secondments to focus on development and promotions • Continuation of our 'Behind the Screen' trainee programme. Designed to help people who are out of work to take their first step into the world of film and TV, we have already four paid, six-month placements
Our community		
• A responsible and considerate neighbour • Timely and efficient communication channels with frequent information sharing • Employment opportunities for the local community • Sustainable environmental policies and practices • Engagement with young people and educational facilities	• Our Community Engagement Manager maintains an open communication channel with regular meetings with key stakeholders in the community, including local councillors. • Engaging with local groups and charities to support initiatives and fundraising via the #SetForMore (Community) platform • Host tours and an annual careers fair for schools, colleges and universities with a focus on routes into the industry and creating opportunities via the #SetForMore (Futures) platform • During new studio construction, quarterly Pinewood and monthly Shepperton Studios Community Liaison Groups with community stakeholders and councillors • Consult with local communities regarding expansion proposals and plans from planning through to construction • Shepperton Studios Community Fund, administered by the Community Foundation for Surrey, provides grants to good causes in the local area	• Hosted the UK's largest screen industry careers event, *"Set for More: Futures Festival"* with 4,000 attendees over 2 days. Supported by c.50 businesses including Disney and EON productions, industry leaders shared their career & sector experience • Opened the River Ash corridor to the public, having invested £1m in biodiversity improvements • Continued staff volunteering days for the River Ash clean up, litter picking in the local areas, and painting of school classrooms • Shepperton Studios Community Fund awarded grants to local organisations such as *Bags of Food Jubilee Church, Addlestone Victory Bowls, The Afghanistan and Central Asian Association, A2 Dominion Housing Group, Cocoon Kids,* and *Heathrow Special Needs* • Continued partnering with the NFTS to offer scholarships for those living local to the studios • Community events run within the studios including screenings and hosting university end-of-year production design shows

Strategic Report (continued)

Section 172 Statement (continued)

Stakeholders' interests	How we engage	Outcomes in FY24
Our environment		
• Sustainable environmental policies and practices • Full compliance with environmental legislation in all locations where we operate • Support for biodiversity • Net Zero Carbon plans	• We employ a dedicated team of sustainability experts to drive green initiatives across our operations • Provide training to all new joiners to the Group on environmental practices and policies • Implementing environmentally friendly construction techniques and plans on all of our studio expansion programmes • Encouraging greener travel by providing free shuttle busses for staff, clients and visitors to our studios • ESG Committee meets quarterly to oversee, report on and advance Pinewood's sustainability goals and objectives	• In partnership with the Surrey Wildlife Trust in a ground-breaking 30-year, £1 million agreement, we delivered the first year of conservation and restoration works in the local area • Investment of c.£1 million into Studios Walk along Shepperton Studios boundary, with significant environmental improvements on the River Ash, including footpath and footbridge works and 1.75km walking route for local community. Agreed a 15-year contribution to Spelthorne Borough to maintain the area and deliver future works • The Group continued to purchase electricity from 100% renewable sources
Our suppliers and other partners		
• Long-term partnerships, with studio customers which embrace ethical and likeminded cultural values • A clear agreement of the required service and performance levels • Timely, efficient communication channels • Fair payment terms	• A rigorous tender process, with panel review, for new services and expiring contracts. The tender includes a focus on the supplier, its vertical supply chain, and ESG credentials. We seek to work with SMEs in the local area • Our suppliers are critical to the delivery of our operations, and we take a long-term approach to working with them. Certain contracts have a term of more than one year to allow the full benefit, for suppliers and our studios, to be realised • We run a contract-start process, training suppliers on our studio regulations to minimise operational risks • Regular service delivery meetings between our key suppliers and studio management and facility services staff	• Extended contracts to include services at the new Shepperton expansion, being mindful of our two key customers • Completed numerous key contracts in the year, including catering service, surface drainage and stage door maintenance • We met with our key suppliers on a monthly basis, and considered contract performance, innovation and efficiencies, health, safety and ESG aspects • In FY24, we commenced a modern-slavery audit programme of identified high-risk suppliers and we continued to review all suppliers for any risks including potential links with any sanctioned countries, businesses and people • We annually issue a reminder letter to key suppliers confirming that we will conduct all business in an honest and ethical manner in compliance with all applicable laws and regulations

Strategic Report (continued)

Section 172 Statement (continued)

Policies and procedures

The Directors have put in place policies and procedures to support the Group's operating strategy and considering their Section 172 duties, which include:

(i) Reserved matters

Under the process to approve reserved matters, critical business and strategic decisions for the Group or subsidiary companies are reserved solely to the Board of Directors. Business managers submit matters for Board consideration. The submissions are monitored by the Company Secretary and all approvals noted in monthly board reporting.

(ii) Delegation – Authorised Signatories Process

The Board oversees a delegated and authorised signature process, whereby certain matters can be dealt with by the Executive Directors, the Senior Leadership Team and Heads of Department. Weekly Senior Leadership Team meetings, including the three Executive Directors, are held. The Board maintains a close working relationship with the Executive Directors and has oversight of key operational and strategic matters of the Group.

(iii) Anti-bribery and Corruption

The Board and Group are committed to the prevention, deterrence and detection of bribery and corruption, instigating a clear policy of non-tolerance of all forms of bribery and corruption within our business. The Board oversees its responsibilities through the General Counsel, who reports to the Board and investigates all breaches or suspected breaches of the policy and takes appropriate action.

(iv) Whistleblowing

The Board and Group are committed to conducting all business in an honest and ethical manner. The Board has approved the Group's whistleblowing policy to encourage the timely reporting of suspected wrongdoing and has appointed whistleblowing officers to oversee the policy. The Board does not tolerate retaliation and whistle-blowers must not suffer detrimental treatment as a result of raising a genuine concern.

(v) Anti-Slavery

The Board and Group have a clear stance of zero-tolerance of all forms of slavery, human trafficking and other exploitation in any part of the Group's business or in its supply chain. The Board approves an annual statement, made on behalf of the Group pursuant to section 54, Part 6, Modern Slavery Act 2015, and receives regular updates on progress and actions relating to minimising risk within the Group's supply chain.

(vi) Diversity, equity and inclusion procedures

The Board' and Group's aim is to create an equal and inclusive working environment where our people feel empowered and bring their whole selves to work. The Group undertakes and plans to complete a number of measures in this regard which include:

- a Board member designated as a DEI champion;
- reporting monthly to the Senior Leadership Team and Board on the Group's demographic statistics;
- utilising our Diversity Monitoring Survey and company-wide inclusive resourcing practices; and
- ensuring all employees complete equality and diversity training when they commence employment and then once per year thereafter.

(vii) Advice available to the Board

The Board has access to the services of the General Counsel and may take independent professional advice where it judges it necessary to do so in order to discharge their responsibilities as Directors.

Strategic Report (continued)

Section 172 Statement (continued)

Policies and procedures (continued)

Information: The Directors arrange to receive and consider information required to carry out their duties and:

- receive regular business updates and monthly financial performance reviews against budget;
- receive monthly reports from the Legal Department and from the other functional areas;
- discuss and approve the annual operating plan;
- discuss, map and mitigate against the operating and strategic risks to the Group;
- consider and debate strategic business decisions, which impact the long-term direction of the Group, such as the Group's studio expansion plans and financing arrangements; and
- receive monthly and ad-hoc reports from the Health, Safety, Environmental and Compliance teams.

Post balance sheet events

Investment of refinancing proceeds

At 31 March 2024, the Group held cash and cash equivalents of £828.1 million, having refinanced the Group's £750.0 million 3.25% senior secured notes due September 2025 under a tender offer. The refinancing closed on the last working day of the financial year and in April 2024, an amount of £454.0 million was paid to settle notes with a principal value of £459.7 million.

In April 2024, as part of its treasury management activities in respect of its Senior Secured Notes maturing in September 2025, the Group purchased United Kingdom Treasury gilts of principal value £300 million. The gilts mature in September 2025 and bear coupon interest at 2%, payable in March and September. The gilts were purchased for a cost of £290 million.

Going concern

In assessing the going concern basis, the Directors considered the Group's business activities, its financial position and the Group's financial risk management objectives and policies. The Group is able to meet its day-to-day operating requirements through its cash resources and facilities, and operating cashflows. Taking into account the long-term contracts for the rental of all our UK production accommodation, and having considered the contracted rental revenues and the financing arrangements at the newly acquired Pinewood Toronto Studios, the Group's forecasts and projections show that the Group will be able to operate within the level of its current facilities, for at least 12 months following the reporting date.

Information on the Group's financial risk management, together with other Principal Risks and Uncertainties are detailed above in the Strategic Report. The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in the operational business for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

Approved by the Board and signed on its behalf by:

Barbara Inskip

Director

11 June 2024

Directors' Report

The Directors present their annual report and audited financial statements of the Group for the year ended 31 March 2024.

Results and Dividends

Group profit after taxation for the year ended 31 March 2024 was £16.3 million (FY23: £28.1 million), including the impact of adjusted items.

No dividends were paid during the year (FY23: £nil). The Directors do not recommend payment of a final dividend.

Directors

The Directors, who served during the year and to the date of signing, unless otherwise indicated, were as follows:

David Conway (appointed 10 November 2023)
Paul Golding CBE
Barbara Inskip
Luis Moner Parra
Nathan Shike
Andrew M Smith OBE
Alison Trewartha

Directors Duties

The Board recognises the importance of considering the Group's responsibilities and duties to both its shareholders and its broader stakeholder group. The Directors' duties under Section 172 of the Companies Act 2006 help to underpin good governance. The formal statement of how the Boards of the Group and its subsidiaries complied with this legal requirement and met its obligations in respect of Section 172 during the year, is set out on page 15.

Employees

The Group actively considers the position of its employees' rights through comprehensive and regularly reviewed employment practices in the areas of recruitment, training, welfare, remuneration and employee relations (see Section 172 Statement on page 15 for further information on employee engagement). In addition to a published grievance policy, the Group maintains a 'whistle-blower' policy providing an opportunity for employees to raise grievances with senior management. The Group also provides all staff with access to an externally run Employee Assistance Programme that provides free and confidential advice.

The Group's stated policy on Equal Opportunities recognises the diversity of individuals and has procedures in place to ensure that recruitment and promotion recognises such diversity and is not biased by consideration of age, gender, disability, racial origin, religion or sexual orientation. The Group endeavours to provide employees with good conditions of employment and career prospects. The Group supports its disabled employees with regular training and support through the equal opportunity and training policies.

The Group has regular contact with employees via its intranet site, Spotlight, and via regular catch ups and briefings. These methods are used to ensure employees are kept up to date with the performance of the business. In addition, the Group continuously manages employees' performance.

Investing in skills, training and development remains a focus for the Group. The Group has continued its in-house Management Development programme which is focussed on growing the capability of our existing, and potential, pool of management resource.

The Group also has a well-developed apprenticeship scheme providing 'in work' apprenticeships in areas such as plumbing, electrical and carpentry. The Group currently has four apprentices whose training is paid for by the Apprenticeship Levy. The Group also works in partnership with universities to provide paid work placement year opportunities for sound students and internships for engineering students in its Post-production department.

Following the success of the Government's 'Kickstart' scheme, Pinewood launched its own scheme in FY23 called the *Behind the Screen* trainee programme. It is designed to help people who are currently out of work take their first step into the world of film and TV. The placements provide people with on-the-job learning, training, work experience, and the support they need to commence their career in the industry. In FY24 we had a further four placements which are all paid, six months long and work across our Post-production, TV, Health and Safety and Facility Service departments.

Directors’ Report (continued)

Sustainability

The Group’s approach to sustainability, including information on energy usage and carbon emissions, can be found in the Strategic Report on pages 12-14.

Branches outside of the United Kingdom

The Group does not operate any branches outside of the UK. However, the Group operates through subsidiary undertakings in various jurisdictions as disclosed in Note 5 to the Parent Company financial statements. On 3 May 2023 the Group acquired full ownership of Pinewood Toronto Studios which operates in Toronto, Canada.

Engagement with suppliers and customers

Details of the Group’s approach to engaging with suppliers and customers can be found in the Strategic Report on pages 2 to 20.

Going Concern

As outlined within the Strategic Report on page 20, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. As 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, the Group continues to adopt the going concern basis of accounting in preparing the financial statements.

Financial Instruments

Liquidity risk

The Group’s objective in managing liquidity risk is to maintain a balance between continuity of operating and development funding and flexibility using cash resources and its available credit facilities which are detailed in Note 19 in the consolidated financial statements.

Foreign exchange risk

The Group continually assesses its exposure to foreign exchange risk and hedges such exposures where necessary. During the year ended 31 March 2024, the Group entered into foreign currency forward contracts to mitigate exchange risk arising from the acquisition of Pinewood Toronto Studios.

The Group is exposed to transactional currency risk on transactions denominated in currencies other than the underlying functional currency of the commercial operation transacting. As the Group’s subsidiaries typically conduct business in their local currencies, such risk is limited.

The Group is exposed to transactional currency risk as the pounds sterling value of its net assets held in foreign operations may change depending on foreign exchange rates. This risk is managed, subject to other financial management policies, through holding debt in appropriate foreign currencies.

Other Directors' Report Disclosure Requirements

Certain disclosures required by section 414C(11) of the Companies Act 2006 to be included in the Directors Report have been included elsewhere in this Annual Report, as follows:

- Principal activities - Strategic Report, page 2
- Principal risks and uncertainties - Strategic Report, page 9
- Post balance sheet events - Strategic Report, page 20
- Indication of future developments - Strategic Report, page 2

Directors’ Statement as to Disclosure of Information to Auditor

The Directors who were members of the Board at the time of approving the Directors’ report are listed on page 1. Having made enquiries of fellow Directors, each of these Directors confirms that:

- to the best of each Director’s knowledge and belief, there is no information relevant to the preparation of their report of which the Group’s auditor is unaware; and
- each Director has taken all the steps which a Director might reasonably be expected to have taken, to be aware of relevant audit information and to establish that the Group’s auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

Barbara Inskip

Director

11 June 2024

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Pinewood Group Limited
Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Pinewood Group Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2024 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Group Statement of Comprehensive Income;
- the Group Statement of Financial Position;
- the Group Statement of Cash Flows;
- the Group Statement of Changes in Equity;
- the related notes to the Group Financial Statements 1 to 26;
- the Parent Company Statement of Financial Position;
- the Parent Company Statement of Changes in Equity; and
- the related notes to the Parent Company Financial Statements 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditor's report to the members of Pinewood Group Limited (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, those charged with governance and general council about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax, VAT and stamp duty legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the UK Bribery Act.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, IT and financial instruments specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Independent auditor's report to the members of Pinewood Group Limited (continued)

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Revenue recognition for new long-term contracts: we reviewed the long-term contracts signed during the year, with focus on the contracts terms and their accounting under FRS 102. We have performed a recalculation of the revenue recognised in the current year for these contracts.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Independent auditor’s report to the members of Pinewood Group Limited (continued)

Use of our report

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Amy Lyons FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom
11 June 2024

Group Statement of Comprehensive Income
for the year ended 31 March 2024

	Note	**31 March 2024** Adjusted £'000	**31 March 2024** Adjusted items (Note 3) £'000	**31 March 2024** £'000	31 March 2023 Adjusted £'000	31 March 2023 Adjusted items (Note 3) £'000	31 March 2023 Total £'000
Turnover	2	**146,473**	**-**	**146,473**	120,506	-	120,506
Cost of sales		**(71,399)**	**-**	**(71,399)**	(50,790)	-	(50,790)
Gross profit		**75,074**	**-**	**75,074**	69,716	-	69,716
Selling and distribution costs		**(1,241)**	**-**	**(1,241)**	(1,066)	-	(1,066)
Administrative expenses		**(13,423)**	**-**	**(13,423)**	(7,685)	-	(7,685)
Other operating expenses	3	**-**	**(4,226)**	**(4,226)**	(50)	(8,179)	(8,229)
Operating profit/(loss)	4	**60,410**	**(4,226)**	**56,184**	60,915	(8,179)	52,736
(Loss)/income from participating interests	11	**(1,295)**	**-**	**(1,295)**	3,710	-	3,710
Interest receivable and similar income	3,8	**10,463**	**3,508**	**13,971**	16,405	-	16,405
Interest payable and similar charges	9	**(44,275)**	**-**	**(44,275)**	(36,778)	-	(36,778)
Profit/(loss) before taxation		**25,303**	**(718)**	**24,585**	44,252	(8,179)	36,073
Tax (charge)/credit	3,10	**(8,432)**	**180**	**(8,252)**	(9,489)	1,554	(7,935)
Profit/(loss) after taxation attributable to equity shareholders		**16,871**	**(538)**	**16,333**	34,763	(6,625)	28,138
Other comprehensive (loss)/income							
Currency exchange differences		**(1,135)**	**-**	**(1,135)**	148	-	148
Net cash flow hedging gains (net of taxation)		**1,635**	**-**	**1,635**	-	-	-
Net cash flow hedging gains transferred to profit or loss		**(1,731)**	**-**	**(1,731)**	-	-	-
Total other comprehensive (loss)/income		**(1,231)**	**-**	**(1,231)**	148	-	148
Total comprehensive income/(loss)		**15,640**	**(538)**	**15,102**	34,911	(6,625)	28,286

The notes on pages 33 to 56 form part of these financial statements.

Group Statement of Financial Position

as at 31 March 2024

	Note	2024 £'000	2023 £'000
Assets			
Non-current assets			
Intangible assets	12	**46,252**	4,016
Property, plant and equipment	13	**1,165,504**	757,605
Interests in associates	11	**9,229**	10,157
Derivative financial instruments	20	**1,181**	1,258
Trade and other receivables	14	**232,844**	350,893
		1,455,010	1,123,929
Current assets			
Inventories		**72**	106
Derivative financial instruments	20	**1,278**	-
Trade and other receivables	14	**36,054**	30,246
Cash and cash equivalents	15	**828,136**	252,172
		865,540	282,524
Total assets		**2,320,550**	1,406,453
Equity and liabilities			
Share capital	16	**1**	1
Translation reserve	17	**1,002**	2,137
Cashflow hedge reserve	17	**1,261**	-
Retained earnings	17	**222,355**	206,022
Total equity		**224,619**	208,160
Non-current liabilities			
Interest bearing loans and borrowings	19	**1,435,616**	1,046,452
Deferred tax liabilities	10	**65,069**	13,777
		1,500,685	1,060,229
Current liabilities			
Interest bearing loans and borrowings	19	**458,492**	4,052
Trade and other payables	21	**130,905**	134,012
Provisions	24	**5,849**	-
		595,246	138,064
Total liabilities		**2,095,931**	1,198,293
Total equity and liabilities		**2,320,550**	1,406,453

The financial statements of Pinewood Group Limited (registered number: 03889552) were approved and authorised for issue by the Board of Directors on 11 June 2024. They were signed on its behalf by:

Barbara Inskip
Director

Group Statement of Cash Flows
for the year ended 31 March 2024

	Note	**2024 £'000**	2023 £'000
Cash flow from operating activities:			
Profit before taxation		**24,585**	36,073
Adjustments to reconcile profit before taxation to net cash flows:			
Depreciation and amortisation	4	**26,933**	11,359
Loss on disposal of property, plant and equipment	4	**-**	58
Loss/(income) from participating interests	11	**1,295**	(3,710)
Unrealised foreign exchange losses		**1**	1
Interest receivable and similar income	8	**(13,971)**	(16,405)
Interest payable and similar charges	9	**44,275**	36,778
Cash flow from operating activities before changes in working capital		**83,118**	64,154
Increase in trade and other receivables		**(2,666)**	(11,513)
Decrease/(increase) in inventories		**34**	(60)
Increase in trade and other payables		**8,208**	21,725
Cash generated from operations		**88,694**	74,306
Interest paid		**(43,500)**	(35,511)
Interest received		**5,015**	3,608
Net income tax (paid)/received		**(328)**	27
Net cash flow from operating activities		**49,881**	42,430
Cash flow (used in)/from investing activities:			
Investment in subsidiaries (net of acquired cash)		**(247,942)**	(1,722)
Proceeds from disposal of property, plant and equipment		**-**	1,180
Purchase of property, plant and equipment		**(199,865)**	(314,278)
Purchase of intangible assets		**(32)**	(68)
Amounts returned from deposit		**-**	40,000
Repayment of loan by parent company		**125,000**	-
Net cash flow used in investing activities		**(322,839)**	(274,888)
Cash flow from/(used in) financing activities:			
Proceeds from term loan financing net of fees		**101,520**	-
Proceeds from issue of Senior Secured Notes		**750,000**	-
Payment of Senior Secured Notes issue costs and finance arrangement fees		**(1,613)**	-
Net cash flow from financing activities		**849,907**	-
Net increase/(decrease) in cash and cash equivalents		**576,949**	(232,458)
Currency exchange movement		**(985)**	172
Cash and cash equivalents at the start of the year		**252,172**	484,458
Cash and cash equivalents at the end of the year	15	**828,136**	252,172

Reconciliation of Movement in Net Debt
for the year ended 31 March 2024

	2024	2023
	£'000	£'000
Net increase/(decrease) in cash and cash equivalents	**576,949**	(232,458)
Currency exchange movement	**(474)**	172
Payment of interest on Senior Secured Notes	**35,250**	34,744
Payment of interest on term loan (net of cash flow hedging receipt)	**5,852**	-
Proceeds from issue of Senior Secured Notes	**(750,000)**	-
Proceeds from term loan financing (net of fees paid)	**(101,520)**	-
Payment of Senior Secured Notes issue costs	**1,056**	-
Senior Secured Notes issue cost accrued	**3,949**	-
Gain on Senior Secured Notes tender offer	**4,054**	-
Interest expense on Senior Secured Notes	**(36,753)**	(36,145)
Interest expense on term loan (including effect of cash flow hedging)	**(5,538)**	-
Derivative gains recognised in other comprehensive income	**1,717**	-
Movement in net debt	**(265,458)**	(233,687)
Net debt at the start of the year	**(798,332)**	(564,645)
Net debt at the end of the year	**(1,063,790)**	(798,332)
Net debt at the end of the year excluding restricted cash	**(1,065,478)**	(800,020)

Group Statement of Changes in Equity
for the year ended 31 March 2024

	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 year	**-**	**-**	**-**	**16,333**	**16,333**
Net cash flow hedging gains (net of tax)	**-**	**-**	**1,635**	**-**	**1,635**
Net cash flow hedging gains transferred to profit or loss	**-**	**-**	**(1,731)**	**-**	**(1,731)**
Currency exchange differences	**-**	**(1,135)**	**-**	**-**	**(1,135)**
Total comprehensive (loss)/income for the year	**-**	**(1,135)**	**(96)**	**16,333**	**15,102**
Cash flow hedge reserve reclassified to goodwill	**-**		**1,357**	**-**	**1,357**
At 31 March 2024	**1**	**1,002**	**1,261**	**222,355**	**224,619**
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

Notes to the Consolidated Financial Statements
for the year ended 31 March 2024

Company information and principal activities

Pinewood Group Limited ("the Company") is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. The registered office is located at Pinewood Studios, Pinewood Road, Iver Heath, Buckinghamshire, SL0 0NH. The Company, together with its subsidiaries, comprise "the Group".

Pinewood Group Limited is the leading independent provider of the real estate, infrastructure and supporting services required to produce film and television content. The Group's two UK studios, Pinewood Studios and Shepperton Studios, are set over 502 acres with approximately three million square feet of space in prime locations close to central London, which makes Pinewood an attractive choice for major film companies. Pinewood Toronto Studios is a contemporary 250,000 sq ft purpose-built production space located on a 20-acre site, minutes from downtown Toronto.

1 Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the current year and prior year, unless otherwise noted.

Accounting convention
These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include certain financial instruments at fair value. The financial statements are presented in sterling, which is also the main functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest whole £1,000 except where otherwise indicated.

Going concern
As set out in the Strategic Report on page 20, 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 is able to meet its day-to-day operating requirements through its cash resources and facilities, and operating cashflows. Taking into account the long-term contracts for the rental of all our UK production accommodation, and having considered the contracted rental revenues and the financing arrangements at the newly acquired Pinewood Toronto Studios, the Group's forecasts and projections show that the Group will be able to operate within the level of its current facilities, for at least 12 months following the date of signing these financial statements.

Basis of consolidation
The Consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries up to 31 March 2024. All intragroup transactions, balances, income and expenses are eliminated in full on consolidation. All subsidiaries are consolidated for the financial year ending 31 March 2024 regardless of the individual entities' statutory reporting date. Individual entities within the Group that have a functional currency other than sterling are translated to sterling so that consolidated financial statements may be presented.

Presentation of results and identification of adjusted items
The Group presents its results in the statement of comprehensive income to separately identify the impact of certain items ("adjusted items") in order to provide a clear and consistent presentation of the underlying performance of the Group. Adjusted items are transactions that are unusual in size or nature or have limited predictive value such as disposals, discontinued operations, impairments, certain fair value remeasurements and other significant items where the Group considers separate disclosure would be useful to users of the financial statements. The identification and presentation of transactions as adjusted items requires judgement. Details about what the Group has presented as adjusted items can be found in Note 3 to the financial statements.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2024

1 Accounting policies (continued)

Turnover
Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured at the fair value of the consideration receivable, net of discounts, rebates, VAT and other sales taxes or duty. The Group has assessed its turnover arrangements and has concluded that it is acting as a principal in all of its turnover arrangements. Where a contract spans an accounting cut-off date, the value of the turnover recognised is the proportion of the total value of the contract completed by the cut-off date. The following specific recognition criteria apply for turnover generated from the Group's single reportable segment:

- Film customers utilise services for a period of time. Turnover is recognised as the Group earns the right to consideration for the service provided and this is time apportioned and earned as time elapses.
- Turnover is also derived from international sales and marketing agreements with 3rd party studios. Revenue is recognised based on the passage of time.
- Television turnover is derived from the provision of services and is recognised on a time apportioned basis in relation to the television production process.
- Media Hub turnover is derived from customers contracting to use the Group's facilities for a period of time. Turnover is recognised on a straight-line basis over the term of the agreement.
- Post-production revenue is derived from the provision of services and is recognised as the Group earns the right to consideration on a stage of completion basis by reference to the passage of time.

Foreign currency
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity.

In the Consolidated Financial Statements exchange differences arising on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) are recognised in other comprehensive income and reported under equity.

All other exchange differences are recognised in profit or loss in the period in which they arise.

Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Liabilities in respect of other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date. Changes in this liability during the period are recognised in profit or loss.

Pensions and other post-employment benefits
The Group operates a defined contribution pension scheme. Contributions payable for the period are charged to profit or loss in accordance with the rules of the scheme.

Interest receivable and payable
Interest receivable and payable is recognised using the effective interest rate method.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2024

1 Accounting policies (continued)

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax arises from timing differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to, or allowed for, tax in a future period except where the Company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Intangible assets (excluding goodwill)

Intangible software assets are capitalised at cost and subsequently amortised over their useful economic life of 5 to 10 years.

Goodwill

Goodwill arising on a business combination is initially measured at cost, being the excess of the purchase consideration over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any amortisation or accumulated impairment loss. Goodwill is expected to have a useful life of 10 years and is amortised on a straight-line basis over that period.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill is allocated to the related cash-generating unit monitored by management. Where the recoverable amount of the cash-generating unit (“CGU”) is less than the carrying amount, including goodwill, an impairment loss is recognised in the statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment is stated at cost to the Group less accumulated depreciation and any impairment loss. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Depreciation is calculated on all Property, plant and equipment, other than land, from the time they are available for use on a straight-line basis over the estimated useful life as follows:

- Freehold buildings - 30 to 50 years
- Freehold improvements - 5 to 25 years
- Fixtures, fittings and equipment - 3 to 10 years

Land and assets under construction are not depreciated.

The carrying value of the UK freehold land and buildings within Property, plant and equipment in the statement of financial position is based on external valuations undertaken by an independent firm of Chartered Surveyors in February 2000 (as amended in January 2001) and November 2000, on each occasion to establish the fair values of the Pinewood Studios and Shepperton Studios businesses acquired. These valuations were used to establish the initial cost of the freehold land and buildings to the Group. The carrying value of Pinewood Toronto Studio’s, Property, plant and equipment in the statement of financial position is based upon a fair value exercise, see Note 18. Subsequent additions, disposals and depreciation have been recorded in line with Group accounting policies.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2024

1 Accounting policies (continued)

Property, plant and equipment (continued)
Useful lives and residual values of items of Property, plant and equipment are reviewed annually and where adjustments are required, these are made prospectively.

An item of Property, plant and equipment is derecognised upon disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognised.

Interests in associates and joint ventures
Associates are undertakings where the Group is considered to have the ability to exercise significant influence over the operating and financial decisions of the undertaking. Joint ventures arise when two or more parties share joint control over an economic activity being undertaken.

The Group accounts for associates and joint ventures using the equity method of accounting. Under the equity method of accounting, the investment is initially recognised in the Group statement of financial position at cost and adjusted thereafter to recognise the Group's share of income and other comprehensive income of the participating interest. Should the Group's share of losses of the associate or joint venture exceed the Group's interest in that undertaking, the Group discontinues recognising its share of further losses. Additional losses are only recognised to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Inventories
Inventory is valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average cost.

At each reporting date, the Group assesses whether inventories are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case it is determined for the relevant CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

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.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2024

1 Accounting policies (continued)

Business Combinations (continued)
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.

Financial instruments

General financial instruments policy
The Group applies Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and liabilities - classification and recognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial assets and liabilities - measurement and derecognition
All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price adjusted for transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investments
Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Equity instruments
Equity instruments issued by the Company are recorded at the fair value of proceeds received, cash or other resources received or receivable, net of direct issue costs.

Interest-bearing loans and borrowings and deposits
Deposits and loans and borrowings payable and receivable are measured initially at the fair value of consideration transferred, adjusted for directly attributable transaction costs. After initial recognition, these instruments are subsequently measured at amortised cost using the effective interest method, allocating the interest income or interest expense over the relevant period.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2024

1 Accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets
At the end of each reporting period, financial assets measured at amortised cost (including trade receivables) are assessed for objective evidence of impairment. If an asset is impaired, the loss recognised is the difference between the carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is recognised only to the extent that the revised carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been previously recognised.

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.

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.

Derivative financial instruments
The Group holds interest rate swaps to hedge against risks associated with interest rate fluctuations. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. Other than for cash flow hedges as detailed above, the Group reports the movement in fair value through profit or loss.

The fair values of the interest rate swap contracts are determined by reference to market interest rate curves.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Fair value measurement
The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the Group estimates the fair value by using a valuation technique.

Provisions, contingent assets and contingent liabilities
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised within interest payable and similar charges.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2024

1 Accounting policies (continued)

Provisions, contingent assets and contingent liabilities (continued)
Other than those acquired in a business combination, contingent liabilities are not recognised. Contingent liabilities arise as a result of past events (i) when it is not probable that there will be an outflow of resources or when the amount of any outflow cannot be reliably measured at the reporting date or (ii) when the existence of the liability will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable. Should the inflow of economic benefits be considered virtually certain, an asset is recognised.

Leases

The Group as lessee - finance leases
An asset and corresponding liability are recognised for leasing agreements that transfer to the Group substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are expensed as incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

The Group as lessee - operating leases
All other leases are operating leases and the annual rentals are charged to profit or loss on a straight-line basis over the lease term. Rent-free periods or other incentives received for entering into an operating lease are accounted for as a reduction of the expense and are recognised on a straight-line basis over the lease term.

The Group as lessor - operating leases
Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease and recognised as turnover. Rent-free periods or other incentives given to the lessee are accounted for as a reduction in the rental income and recognised on a straight-line basis over the term. Initial direct costs associated with arranging the operating lease are included in the carrying amount of the underlying leased asset and recognised in profit or loss on a straight-line basis in proportion to the recognition of lease income.

Significant accounting judgements and key sources of estimation uncertainty
The preparation of financial statements generally requires management to make judgements, estimates and assumptions that affect reported amounts at the end of the year. There are no judgements that have a significant effect on the Group's financial statements. Key sources of estimation uncertainty are discussed below.

Section 106 liability and other contingent asset payments
As part of its planning applications for expansion projects, the Group has entered into a number of Section 106 agreements with local councils. Under these agreements, the Group will pay for certain traffic management improvements around the development sites. The cost of these improvements has been estimated and capitalised. During the year, the Group reviewed the latest cost estimates associated with its projects and increased the amounts provided to £25.2 million (2023: £9.8 million). This amount is included in capital expenditure related payables and is capitalised within the gross cost of Property, plant and equipment. The capitalised cost is depreciated over the 50-year life of the associated assets, from the point of those assets being brought into use.

The Group has recognised provisions for estimated land remediation costs amounting to £5.8 million. A number of estimation uncertainties affect the calculation of the provision, including excavation, transportation and disposal cost and the timing of works to be undertaken. The provision incorporates the Group's best estimates of the financial impact of these uncertainties, but future changes in assumptions could materially affect the calculation of the provision. In the prior year, the Group had recognised liabilities within capital creditors for contingent and deferred payments for Property, plant and equipment amounting to £5.9 million. These amounts have now been settled and no further provision is necessary.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2024

1 Accounting policies (continued)

Significant accounting judgements and key sources of estimation uncertainty (continued)

Useful economic lives of Property, plant and equipment

The Group holds Property, plant and equipment at cost less accumulated depreciation and impairment losses, the total gross cost of which is £1,291.8 million at 31 March 2024 (2023: £862.4 million). Accumulated depreciation is £126.3 million (2023: £104.8 million) and the charge for the period is £21.6 million (FY23: £10.4 million). If the average useful economic life of the assets was reduced by 15% the charge would increase by £3.8 million.

Other estimates, assumptions and judgements are applied by the Group. These include, but are not limited to, accruals and provisions for impairments of assets. These estimates, assumptions and judgements are evaluated on a continual basis but are not significant.

2 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 year, 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 completely attributed by business line.

Comparative segmental results have been restated as required by IFRS 8.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2024

2 Segmental Reporting (continued)

Key information reported by business segment and geographic area is:

	2024	2023 (restated)
	£'000	£'000
Revenue		
Global Studios	**135,573**	104,489
Production Services	**10,900**	16,017
Total revenue	**146,473**	120,506
Revenue by geography		
UK	**132,470**	118,986
North America	**14,003**	1,520
Total revenue	**146,473**	120,506
Contribution		
Global Studios	**118,014**	87,811
Production Services	**6,234**	10,672
Total segmental Contribution	**124,248**	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 property taxes, and health and safety and security costs. Such costs cannot be allocated by business line.

	2024	2023 (restated)
	£'000	£'000
Total segmental Contribution	**124,248**	98,483
Indirect costs excluding depreciation	**(27,596)**	(18,360)
Depreciation	**(21,578)**	(10,407)
Gross profit	**75,074**	69,716

Non-current assets by geographical region

The Group holds £297.6 million non-current assets in Canada, excluding financial instruments. The Group holds no other material non-current assets outside the UK.

Turnover by major customer

In the year to 31 March 2024, two customers, including their subsidiaries, contributed £93.0 million to Group turnover. In the prior year, two customers, including their subsidiaries, contributed £90.9 million to Group turnover. No other customer contributed 10% or more to Group turnover in the current or prior year.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2024

3 Adjusted items

The Group separately presents, as adjusted items, gains and losses on major disposals, certain remeasurements and other significant items. The adjusted items shown below are transactions that are unusual either in size or nature and therefore have limited predictive value. Providing additional information on adjusted items and presenting them separately from the total statutory performance of the Group is considered helpful in order to provide a consistent presentation of the underlying performance of the Group.

Expense/(income)	2024 £'000	2023 £'000
Other operating expenses:		
Long-term incentive plan	**4,226**	8,179
Other operating expenses within adjusted items	**4,226**	8,179
Interest receivable and similar income:		
Gain on Senior Secured Notes tender offer	**(3,508)**	-
Interest receivable and similar income within adjusted items	**(3,508)**	-
Loss before taxation within adjusted items	**718**	8,179
Tax credit on adjusted items	**(180)**	(1,554)
Adjusted items per statement of comprehensive income	**538**	6,625

During the prior year, the Group set aside funds in order to establish a long-term incentive plan to incentivise and retain certain senior members of staff. Payments made under this plan are also intended to reward individuals for their past performance in developing the Group. The plan gave rise to exceptional charges during the period of £4.2 million, with associated tax credits of £1.0 million. This has been presented as an adjusted item as the incentive plan is considered unusual in size, and is therefore of limited predictive value. The incentive plan is expected to give rise to further adjusted charges over its life during 2025.

In March 2024, as part of its treasury management activities relating to its 2025 Senior Secured Notes, the Group announced a tender offer to repurchase notes under that indenture, subsequently agreeing to repurchase notes of principal value £459.7 million for total consideration of £454.0 million. As a result, the Group has revised its forecasted cash flows under this indenture and has recognised a gain of £3.5 million. This has been presented as an adjusted item as it is unusual in size and is of limited predictive value. The tender offer was settled in cash, as expected, on 2 April 2024. The gain presented above is net of fees associated with the tender offer.

4 Operating profit

Operating profit is stated after charging/(crediting):	2024 £'000	2023 £'000
Depreciation of property, plant and equipment	**21,578**	10,407
Loss on disposal of property, plant and equipment	**-**	58
Operating lease payments	**2,519**	1,271
Net Government grants received	**-**	(8)
Amortisation of software	**400**	392
Amortisation of goodwill	**4,955**	560
Net foreign exchange losses	**97**	31

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

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2024

5 Auditor's remuneration

The analysis of auditor's remuneration is as follows:	2024 £'000	2023 £'000
Fees payable to Group's auditor for the audit of Parent Company and Consolidated Financial Statements	**74**	67
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries	**208**	169
Total audit fees	**282**	236
Fees payable to the Group's auditor and its associates for other services:		
Tax services	**-**	64
Other assurance services	**383**	420
Total fees for other services	**383**	484
Total fees	**665**	720

6 Staff costs and numbers

Staff costs including Directors	2024 £'000	2023 £'000
Salaries	**11,164**	10,089
Social security costs	**1,093**	1,213
Pension costs	**898**	753
Other employee benefits	**320**	436
	13,475	12,491

The Group operates a salary sacrifice arrangement for its defined contribution pension schemes. The contributions paid via the salary sacrifice arrangement have been treated as employer contributions and included within pension costs in the table above, with a corresponding reduction shown in salaries. Refer to Note 3 for details of long-term incentive plan expenses treated as adjusted items, and therefore excluded from the costs above.

Average monthly number of employees including Executive Directors	2024	2023
Management and Executive	**10**	9
Operational	**116**	108
Administration	**54**	45
Technical[1]	**45**	45
Sales	**6**	8
	231	215

[1] Technical includes staff in technical roles within TV and Post-Production.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2024

7 Directors' emoluments

	2024	2023
	£'000	£'000
Salaries	**678**	613
Pension costs	**13**	4
Other employee benefits	**14**	11
Long Term Incentive Plan	**1,359**	3,077
	2,064	3,705

As at 31 March 2024 the number of Directors to whom retirement benefits were accruing under defined contribution schemes was 1 (as at 31 March 2023: 1). The emoluments of the highest paid Director were £1,182,564 (2023: £2,420,000); pensions contributions were £10,000 (2023: £4,000). No share options have been held by any Director in the current or previous period. The Directors are considered to be the only key management personnel. An element of the long-term incentive plan has been deferred. During the current and prior year, 2 directors received remuneration under the long-term incentive plan.

Amounts paid to third parties in relation to Directors services in the period are £0.3 million (2023: £0.3 million).

8 Interest receivable and similar income

	2024	2023
	£'000	£'000
On financial assets measured at amortised cost:		
Interest receivable from joint ventures and associates	**367**	339
Interest receivable on loan due from parent undertaking	**6,951**	11,080
Bank interest receivable	**2,636**	3,814
Other interest receivable	**127**	44
	10,081	15,277
On financial instruments measured at fair value through profit or loss:		
Gains on derivative financial instruments (including interest accruals)	**382**	1,128
	10,463	16,405

See Note 3 for details of adjusted items recognised in interest receivable and similar income.

9 Interest payable and similar charges

	2024	2023
	£'000	£'000
On financial instruments measured at amortised cost:		
Senior Secured Notes	**36,753**	36,145
Term loan	**5,538**	-
Revolving credit facility	**72**	-
On other instruments:		
Other interest	**1,912**	633
	44,275	36,778

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2024

10 Tax

	2024	2023
(a) Analysis of charge for the year:	**£'000**	£'000
Current tax:		
UK corporation tax charge	**69**	60
Amounts payable for group tax relief	**1,705**	-
Foreign income tax	**162**	21
Foreign tax suffered	**75**	104
Double taxation credit	**(68)**	(57)
Amounts over provided in previous years	**(700)**	(484)
	1,243	(356)
Deferred tax:		
Relating to origination and reversal of timing differences	**6,853**	7,692
Amounts under provided in previous years	**156**	599
	7,009	8,291
Tax charge on profit	**8,252**	7,935
The tax charge in the Group statement of comprehensive income comprises:		
Tax on profit before adjusted items	**8,976**	9,374
Amounts (over)/under provided in previous years before adjusted items	**(544)**	115
Tax benefit of adjusted items	**(180)**	(1,554)
Tax charge on profit	**8,252**	7,935

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2024

10 Tax (continued)

(b) Factors affecting taxation for the year:	2024 £'000	2023 £'000
Profit before tax	**24,585**	36,073
Profit multiplied by the standard rate of corporation tax in the UK of 25% (2023: 19%)	**6,146**	6,854
Adjustments in respect of:		
Current tax over provided in previous years	**(700)**	(484)
Deferred tax under provided in previous years	**156**	599
Capital allowances super-deduction	**-**	(1,166)
Non-allowable depreciation on buildings	**1,128**	749
Amortisation of goodwill	**1,302**	106
Loss/(income) from associate	**324**	(705)
Other non-allowable expenses	**107**	82
Double taxation relief	**(68)**	(57)
Overseas tax at different rates	**(33)**	110
Land remediation relief	**(110)**	-
Benefit of losses arising in parent company	**(1,705)**	-
Amounts payable for group tax relief	**1,705**	-
Effect of taxation rate change on provision for deferred tax	**-**	1,847
	8,252	7,935

(c) Deferred tax	2024 £'000	2023 £'000
Deferred tax relates to the following		
Group statement of comprehensive income:		
Accelerated capital allowances	**14,902**	14,019
Short-term timing differences	**328**	(182)
Tax losses	**(7,384)**	(5,531)
Fair value adjustments arising on acquisitions	**(837)**	(15)
	7,009	8,291

Group statement of financial position	At 1 April 2023 £'000	Acquisition balances £'000	Charged/ (credited) to profit or loss £'000	Booked to reserves £'000	Currency exchange £'000	At 31 March 2024 £'000
Accelerated capital allowances	19,164	(1,279)	14,902	-	6	32,793
Short-term timing differences	(186)	(171)	328	456	7	434
Deferred tax asset relating to tax losses	(5,531)	(98)	(7,384)	-	10	(13,003)
Fair value adjustments arising on acquisitions	330	45,624	(837)	-	(272)	44,845
Net deferred tax liability	13,777	44,076	7,009	456	(249)	65,069

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2024

10 Tax (continued)

The Group anticipates that due to the forecast utilisation of brought forward losses, the net reversal of deferred tax liabilities in the year ending 31 March 2025 will be nil.

The main rate of UK corporation tax in the year was 25%. In the March 2021 Budget, an increase in the main rate of UK corporation tax from 19% to 25% was announced, with effect from April 2023. The 2021 Finance Bill containing this change was substantively enacted in May 2021. At that point, the Group's deferred tax liability was remeasured with reference to the increased rate, giving rise to an income statement charge of £1.2 million.

11 Interests in associates

	2024 **£'000**	2023 £'000
Equity	**4,368**	5,663
Loan notes	**4,861**	4,494
Total investment in associates	**9,229**	10,157

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

	2024 **£'000**	2023 £'000
At beginning of year	**5,663**	1,953
Share of (loss)/profit	**(1,295)**	3,710
Total equity investment in associates	**4,368**	5,663

At 31 March 2024, the Group had an interest in the following associate:

Company name	Principal activity	Country of incorporation	% equity interest
PMBS Holding Limited	Holding company	United Kingdom	25%

Loan notes are due for repayment by 31 December 2024. Interest is charged at 8% and is receivable in June and December each year with the option to roll-up interest due into the principal amount.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2024

12 Intangible assets

	Software £'000	Goodwill £'000	Total £'000
Cost			
At 1 April 2023	4,086	5,604	9,690
Additions	20	-	20
Acquisitions through business combinations	-	47,801	47,801
Exchange differences	-	(267)	(267)
At 31 March 2024	**4,106**	**53,138**	**57,244**
Amortisation			
At 1 April 2023	1,191	4,483	5,674
Provided during the year	400	4,955	5,355
Exchange differences	-	(37)	(37)
At 31 March 2024	**1,591**	**9,401**	**10,992**
Net book value			
At 31 March 2024	**2,515**	**43,737**	**46,252**
At 31 March 2023	2,895	1,121	4,016

Software assets principally relate to the Group's finance and procurement management system, which has a remaining life of 6 years.

Goodwill has been acquired through business combinations and has been allocated to their related groups of cash-generating units. Following a review for indicators of impairment at the reporting date, it was determined that there were no indicators that the carrying value exceeded the recoverable amount.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2024

13 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	8,871	1,736	161,874	172,481
Acquisitions through business combinations	257,030	1,371	-	258,401
Reclassification	343,692	125,262	(468,954)	-
Disposals	-	(23)	-	(23)
Exchange movements	(1,455)	(11)	-	(1,466)
At 31 March 2024	**1,036,983**	**166,431**	**88,346**	**1,291,760**
Depreciation				
At 1 April 2023	78,423	26,339	-	104,762
Provided during the year	15,940	5,638	-	21,578
Disposals	-	(23)	-	(23)
Exchange movements	(53)	(8)	-	(61)
At 31 March 2024	**94,310**	**31,946**	**-**	**126,256**
Net book value				
At 31 March 2024	**942,673**	**134,485**	**88,346**	**1,165,504**
At 31 March 2023	350,422	11,757	395,426	757,605

As at 31 March 2024, assets under construction mainly comprise costs associated with development of land at Shepperton Studios. Assets under construction are not depreciated until the development is available for use.

14 Trade and other receivables

	2024 £'000	2023 £'000
Amount falling due within one year:		
Trade receivables	**13,571**	4,726
Prepayments and other receivables	**17,819**	12,997
Term loan interest prepayment	**679**	-
Income tax receivable	**3,557**	492
Sales tax	**428**	12,031
	36,054	30,246
Amount falling due after more than one year:		
Loans due from parent undertakings	**232,844**	350,893
	268,898	381,139

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

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2024

15 Cash and cash equivalents

Cash and cash equivalents include amounts unavailable for general use. These amounts include sums held as security in accordance with agreements with local councils in respect of the Group's obligations under planning regulations for certain development projects.

	2024	2023
	£'000	£'000
Cash available for general use	**826,448**	250,484
Restricted cash and cash equivalents	**1,688**	1,688
	828,136	252,172

16 Share capital

	2024	2023
	£'000	£'000
1,000 Ordinary shares of £1 each (2023: 1,000 Ordinary shares of £1 each)	**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.

17 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 represents cumulative profit and loss net of distributions to owners.

18 Business Combination

Acquisition of Pinewood Toronto Studios

On 3 May 2023, the Group announced the completion of the acquisition of 100% of the Pinewood Toronto Studios group of companies. These comprised PT Studios Inc., Toronto Waterfront Studios Inc. and Toronto Waterfront Studios Development Inc.

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.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2024

18 Business Combination (continued)

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	**258,401**
	258,401
Current assets	
Trade and other receivables	**1,796**
Cash and cash equivalents	**4,673**
	6,469
Total assets	**264,870**
Non-current liabilities	
Deferred tax liabilities	**(44,076)**
	(44,076)
Current liabilities	
Trade payables and other liabilities	**(14,414)**
Total liabilities	**(58,490)**
Total identifiable net assets	**206,380**
Goodwill	**47,801**
Total cost of combination	**254,181**

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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2024

19 Interest-bearing loans and borrowings

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

		2024	2023
	Maturity	**£'000**	£'000
Non-current:			
Other credit facilities	See below	**-**	-
3.25% Senior Secured Notes	September 2025	**291,129**	748,571
3.625% Senior Secured Notes	November 2027	**298,330**	297,881
6% Senior Secured Notes	March 2030	**744,997**	-
Term loans		**101,160**	-
Non-current drawn loan facilities		**1,435,616**	1,046,452
Current:			
Senior Secured Notes interest accruals		**4,422**	4,052
3.25% Senior Secured Notes		**454,070**	-
Current drawn loan facilities		**458,492**	4,052
Total interest-bearing loans and borrowings		**1,894,108**	1,050,504

Other credit facilities include a £76 million UK revolving credit facility that bears interest at SONIA plus a variable margin when drawn. The facility expires in three tranches: £1.0 million in March 2025, £15.0 million in May 2027 and £60.0 million in September 2029. 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.

In January 2021, the Group issued £200.0 million aggregate principal amount of Senior Secured Notes under the same terms and conditions as the Group's outstanding 3.25% Senior Secured Notes due 2025. Including premium and accrued interest, the Group received gross proceeds of £206.6 million. This issue brought the total aggregate principal amount issued under this indenture to £750.0 million, which is presented as a single financial instrument.

As disclosed in Note 3, in March 2024 the Group accepted notes under the 2025 indenture for repurchase. These notes totalled a principal amount of £459.7 million, for consideration of £454.0 million. Accordingly, the Group revised its forecasts of cash flows under this indenture, and reduced the carrying amount of the financial instrument at 31 March 2024. The corresponding gain has been recognised as an adjusted item. The Senior Secured Notes were repurchased in line with the accepted offer on 2 April 2024.

In December 2021 the Group issued £300.0 million aggregate principal amount of Senior Secured Notes at par. The notes mature in November 2027 and bear interest at a rate of 3.625%, payable in May and November.

In March 2024 the group issued £750 million aggregate principal amount of Senior Secured Notes at par. The notes mature in March 2030 and bear interest at a rate of 6.0%, payable in September and March.

The term loan is for a principal amount of C$175 million and carries interest at a floating rate linked to CDOR. Interest is payable quarterly in advance in May, August, November and February. The loan may be repaid each quarter without penalty until April 2028, being the maturity date. The loan is designated as a hedged item in a cash flow hedging relationship with the Group's C$ 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 Consolidated Financial Statements (continued)
for the year ended 31 March 2024

19 Interest-bearing loans and borrowings (continued)

The contractual maturity dates of the principal amounts of the Group's facilities are shown below. The maturity dates of the Senior Secured Notes have been updated to reflect the tender offer made by the Group in March 2024, see Note 3.

At 31 March 2024	Within 1 year £'000	1 – 5 years £'000	5+ years £'000	Total £'000
Facilities:				
Senior Secured Notes	459,704	590,296	750,000	1,800,000
Term loans	-	102,355	-	102,355
Other credit facilities	1,000	17,924	60,000	78,924
Total facilities	**460,704**	**710,575**	**810,000**	**1,981,279**
Drawn loans:				
Senior Secured Notes	(459,704)	(590,296)	(750,000)	(1,800,000)
Term loans	-	(102,355)	-	(102,355)
Other credit facilities	-	-	-	-
Total drawn loans	**(459,704)**	**(692,651)**	**(750,000)**	**(1,902,355)**
Undrawn facilities:				
Senior Secured Notes	-	-	-	-
Term loans	-	-	-	-
Other credit facilities	1,000	17,924	60,000	78,924
Undrawn committed facilities	**1,000**	**17,924**	**60,000**	**78,924**

At 31 March 2023	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**

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2024

20 Derivative financial instruments

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

	2024	2023
	£'000	£'000
Financial assets carried at fair value:		
Non-current derivative financial instrument assets	**956**	1,258
Financial instruments in cash flow hedging relationships		
Current derivative financial instrument assets	**1,278**	-
Non-current derivative financial instrument assets	**225**	-

Interest rate swaps

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

Effective interest rate %	Maturity	2024	2023
		'000	'000
Receive SONIA/pay fixed	April 2025	**£25,000**	£25,000
Receive CDOR/pay fixed	February 2028	**C$175,000**	-

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.

21 Trade and other payables

	2024	2023
	£'000	£'000
Trade payables	**11,010**	9,190
Other payables	**371**	464
Accruals and deferred income	**79,582**	64,915
Amounts due to parent company	**10,231**	6,410
Capital expenditure related payables	**29,711**	53,033
	130,905	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, although as described in Note 15 certain cash balances are held under agreements with local councils in respect of the Group's Section 106 planning obligations. These cash amounts are therefore unavailable for general use. See Note 15 for details of amounts held. See Note 1 for further discussion of Section 106 liabilities.

At 31 March 2024, the Group had no material capital commitments contracted for, but not provided in the financial statements (2023: £119.5 million) in respect of Property, plant and equipment. In the prior year, capital commitments mainly arose from the expansion of Shepperton Studios.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31 March 2024

22 Obligations under leases

Operating leases as lessee
Future minimum rentals payable on the Group's non-cancellable operating leases as at 31 March 2024 and 31 March 2023 are as follows:

	2024	2023
	£'000	£'000
Within one year	**618**	393
After one year but not more than five years	**2,118**	97
More than five years	**42,049**	-
	44,785	490

Operating leases as lessor
Future minimum rentals receivable under non-cancellable operating leases as at 31 March 2024 and 31 March 2023 are as follows:

	2024	2023
	£'000	£'000
Within one year	**154,657**	93,420
After one year but not more than five years	**617,066**	362,079
More than five years	**450,705**	227,157
	1,222,428	682,656

23 Related party transactions

The Group has elected not to disclose related party transactions entered into between wholly-owned members of its wider group in accordance with paragraph 33.1A of FRS 102.

The Group's subsidiary undertakings at the year end are listed in Note 5 to the Parent Company financial statements.

A number of the Group's subsidiary undertakings have claimed exemption from audit, these are listed in Note 5 to the Parent Company financial statements.

The disclosures below, including comparatives, only refer to related parties that were related in the current reporting period.

	2024	2023
	£'000	£'000
Sales to associates	**1,480**	2,288
Purchases from associates	**91**	242
Amounts owed by associates	**123**	27

For information on the loans due from associate undertakings see Note 11. For information on interest receivable from associate undertakings see Note 8.

Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2024

24 Provisions

	2024 £'000	2023 £'000
At 1 April 2023	-	-
Acquired	5,882	-
Exchange differences	(33)	-
At 31 March 2024	**5,849**	**-**

Provisions relate to estimated land remediation costs as described in Note 1. The provisions are classified as current as the Group expects to perform work within the next financial year.

25 Ultimate parent undertaking and controlling party

The immediate parent is Picture Holdco Limited, a company incorporated in England & Wales.

In November 2022, the Pinewood group of companies was acquired by PGV SCSp, an entity managed by Aermont Capital Management S.À R.L that has been created for the purpose of owning and expanding Pinewood.

Prior to the acquisition of the Pinewood group of companies by PGV SCSp, the ultimate parent entity was PW Real Estate Fund III GP Limited (a company incorporated in Jersey) in its capacity as general partner of PW Real Estate Fund III LP (a limited partnership formed in Jersey). Following the acquisition, the ultimate parent entity is PGV GP S.À R.L (a company registered in Luxembourg) in its capacity as general partner of PGV SCSp (a limited partnership formed in Luxembourg). The registered office of PGV GP S.À R.L and PGV SCSp is 5th Floor, 28 Boulevard Road, L-2449, Luxembourg.

The registered office address of Picture Holdco Limited is 10th Floor, St Mary Axe, London, EC3A 8BF. Picture Holdco Limited is the only parent of Pinewood Group Limited that prepares consolidated financial statements, and these are publicly available from the registered address of that company.

26 Events after the reporting date

As described in Notes 3 and 19, on 2 April 2024 the Group repurchased notes issued under its September 2025 indenture totalling principal value of £459.7 million for consideration of £454.0 million, along with £0.1 million of accrued interest.

In April 2024, as part of its treasury management activities in respect of its Senior Secured Notes maturing in September 2025, the Group purchased United Kingdom Treasury gilts of principal value £300 million. The gilts mature in September 2025 and bear coupon interest at 2%, payable in March and September. The gilts were purchased for a cost of £290 million.

Parent Company Statement of Financial Position
as at 31 March 2024

	Note	**2024 £'000**	2023 £'000
Assets			
Non-current assets			
Investments	5	**274,328**	123,292
Intangible assets	4	**2,505**	2,881
Derivative financial instruments	9	**956**	1,258
Trade and other receivables	6	**786,787**	777,209
Deferred tax assets		**603**	5,732
		1,065,179	910,372
Current assets			
Trade and other receivables	6	**2,317**	4,596
Deposits		**-**	-
Cash and cash equivalents		**809,349**	240,832
		811,666	245,428
Total assets		**1,876,845**	1,155,800
Equity and liabilities			
Share capital	7	**1**	1
Translation reserve		**1,821**	1,821
Retained earnings		**67,531**	92,370
Total equity		**69,353**	94,192
Non-current liabilities			
Interest-bearing loans and borrowings	8	**1,334,332**	1,046,389
		1,334,332	1,046,389
Current liabilities			
Interest-bearing loans and borrowings	8	**458,671**	4,220
Trade and other payables	10	**14,489**	10,999
		473,160	15,219
Total liabilities		**1,807,492**	1,061,608
Total equity and liabilities		**1,876,845**	1,155,800

As permitted by section 408(4) of the Companies Act 2006, the Company has elected not to present its own income statement for the year. The loss of the Company for the year was £24.8 million (FY23: £25.5 million loss).

The notes on pages 59 to 66 form part of these financial statements.

The financial statements of Pinewood Group Limited (registered number: 03889552) were approved and authorised for issue by the Board of Directors on 11 June 2024. They were signed on its behalf by:

Barbara Inskip
Director

Parent Company Statement of Changes in Equity
for the year ended 31 March 2024

	Share capital £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 01 April 2023	**1**	**1,821**	**92,370**	**94,192**
Loss for the year	**-**	**-**	**(24,839)**	**(24,839)**
Total comprehensive loss for the year	**-**	**-**	**(24,839)**	**(24,839)**
At 31 March 2024	**1**	**1,821**	**67,531**	**69,353**
At 01 April 2022	1	1,821	117,840	119,662
Loss for the year	-	-	(25,470)	(25,470)
Total comprehensive loss for the year	-	-	(25,470)	(25,470)
At 31 March 2023	1	1,821	92,370	94,192

Notes to the Parent Company Financial Statements
for the year ended 31 March 2024

Pinewood Group Limited ("the Company") is a private company limited by shares incorporated and domiciled in England. The registered office is located at Pinewood Studios, Pinewood Road, Iver Heath, Buckinghamshire, SL0 0NH.

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and prior year. The accounting policies of the Company are consistent with those of the Group, which are detailed in the Consolidated Financial Statements. Additional details regarding policies that apply at a Company-only level are given below.

Accounting convention
These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include certain financial instruments at fair value.

The Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including the Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 ‘Statement of Financial Position’ – Reconciliation of the opening and closing number of shares;
- Section 7 ‘Statement of Cash Flows’ – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instrument Issues’ – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral; and
- Section 33 ‘Related Party Disclosures’ – Compensation of key management personnel and related party transactions entered into with wholly owned members of its wider group.

The financial statements of the Company are consolidated in the Group financial statements on pages 29 to 56.

Going concern
As set out in the Strategic Report on page 20, in assessing the going concern basis, the Directors considered the Company’s business activities, the financial position of the Company and the Company’s financial risk management objectives and policies. The Company meets its day-to-day working capital requirements through its bank facilities. The Company’s forecasts and projections, taking account of reasonably possible changes in trading performance and economic uncertainty, show that the Company will be able to operate within the level of its current facilities. The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational business for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

Financial instruments

The Company’s accounting policies for financial instruments are consistent with those of the Group, as described on page 37. Further detail regarding the treatment of investments in subsidiaries is given below.

Fixed asset investments
Investments in subsidiaries, associates and joint ventures are stated initially at cost. The carrying values are reviewed for impairment if events or changes in circumstances indicate the carrying values may not be recoverable.

Where investments in subsidiaries are acquired by the Company for consideration including the issue of shares qualifying for merger relief, the cost of those subsidiaries is measured by reference to the nominal value of the shares issued, ignoring any premium.

Notes to the Parent Company Financial Statements (continued)

for the year ended 31 March 2024

1 Accounting policies (continued)

Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect reported amounts at the reporting date. Such estimates, assumptions and judgements include, but are not limited to, assessments of recoverability of financial assets, and the measurement of accruals and provisions for impairments of investments. These estimates, assumptions and judgements are evaluated on a continual basis.

There are no significant accounting judgements exercised in the preparation of the Company's financial statements. The Company's key sources of estimation uncertainty relate to the recoverability of receivables from its subsidiaries.

The Company holds receivables from its subsidiary undertakings amounting to £553.9 million. These amounts are repayable on demand and do not bear interest. The Company considers these balances to be fully recoverable. These amounts are classified as non-current receivables because settlement is not expected within 12 months of the reporting date.

2 Profit and loss

As permitted by section 408(4) of the Companies Act 2006, the Company has elected not to present its own income statement for the year. The loss of the Company for the year was £24.8 million (2023: £25.5 million loss).

3 Staff costs and numbers

Staff costs including Directors	**2024** **£'000**	2023 £'000
Salaries	**749**	1,430
Social security costs	**97**	197
Pension costs	**16**	6
Other employee benefits	**14**	8
	876	1,641

	2024	2023
Average monthly number of employees including Executive Directors		
Administration	**2**	3
Executive	**2**	1
	4	4

Notes to the Parent Company Financial Statements (continued)
for the year ended 31 March 2024

4 Intangible assets

	Software £'000
Cost	
At 1 April 2023	4,072
Additions	20
At 31 March 2024	**4,092**
Amortisation	
At 1 April 2023	1,191
Provided during the year	396
At 31 March 2024	**1,587**
Net book value	
At 31 March 2024	**2,505**
At 31 March 2023	2,881

Software assets principally relate to the Group's finance and procurement management system, which has a remaining life of 6 years.

Notes to the Parent Company Financial Statements (continued)

for the year ended 31 March 2024

5 Investments

	2024 £'000	2023 £'000
Cost and net book value at 31 March 2024 and 31 March 2023	**274,328**	123,292

Movement in Investments:		
At 1 April	123,292	123,292
Issue of shares by subsidiary	151,036	-
At 31 March	**274,328**	123,292

During the year the Company's immediate subsidiary, Pinewood-Shepperton Studios Limited issued new share capital as part of the funding of Pinewood Canada Inc. and the acquisition of the Pinewood Toronto Studios business.

Details of investments in which the Company holds 20% or more of the nominal value of ordinary share capital (or other class of share capital where indicated below) at the year end are detailed below:

Company name	**Principal activity**	**Country of incorporation**	**% equity interest**
Pinewood-Shepperton Studios Limited[1]	Holding company	United Kingdom	100%
Pinewood PSB Limited[1]	Film studio services	United Kingdom	100%
Pinewood Film Advisors Limited[1]	Film investment advice	United Kingdom	100%
Pinewood Film Advisors (W) Limited[1]	Film investment advice	United Kingdom	100%
Pinewood Studios Limited	Film studio services	United Kingdom	100%
Shepperton Studios Limited	Film studio services	United Kingdom	100%
Pinewood South Limited	Property development	United Kingdom	100%
Pinewood Shepperton Facilities Limited	Property support	United Kingdom	100%
PSL Consulting Limited	Film services	United Kingdom	100%
Pinewood Germany Limited	Dormant	United Kingdom	100%
Pinewood Dominican Republic Limited	Film services	United Kingdom	100%
Pinewood USA Inc.[2]	Film services	USA	100%
Pinewood Film Production Studios Canada Inc.	Film services	Canada	100%
Pinewood Canada Inc.	Holding company	Canada	100%
PT Studios Inc.[3]	Film studio services	Canada	100%
Pinewood Toronto Development Inc.	Property development	Canada	100%
Pinewood Films Limited	Film investment	United Kingdom	100%
Pinewood Finco PLC[1]	Financial services	United Kingdom	100%

1 Directly held.

2 The reporting date of Pinewood USA Inc. is 31 December.

3 In May 2023, Pinewood Toronto Studios Inc acquired PT Studios Inc., Toronto Waterfront Studios Development Inc. and Toronto Waterfront Studios Inc. These companies were amalgamated on 1 June 2023. On this date the newly amalgamated company changed its name to PT Studios Inc.

Notes to the Parent Company Financial Statements (continued)
for the year ended 31 March 2024

5 Investments (continued)

The registered offices of the subsidiaries (or local equivalent) are as follows:
- All United Kingdom subsidiaries - Pinewood Studios, Pinewood Road, Iver Heath, SL0 0NH.
- Pinewood USA Inc. - c/o Katten Munchin Rosenman LLP, 2029 Century Park East, Suite 2600, Los Angeles, CA 90067, USA.
- Pinewood Canada Inc. and Pinewood Toronto Development Inc. – 79 Wellington Street West, Suite 3000, Toronto, Ontario, Canada, M5K 1N2.
- Pinewood Film Production Studios Canada Inc. - Suite 2600, Three Bentall Centre, PO Box 49314, 595 Currard Street, Vancouver BC, Canada, V7X 1L3.
- PT Studios Inc. - 225 Commissioners Street, Toronto, Ontario, Canada, M4M 0A1.

Associates
As at 31 March 2023, the Company had interests in the following associate:

Company name	Principal activity	Country of incorporation	% equity interest
PMBS Holding Limited	Holding company	United Kingdom	25%

The registered office of PMBS Holding Limited is: Mbse Lakeside Road, Colnbrook, Slough, Berkshire, SL3 0EL

The investment is held through Pinewood-Shepperton Studios Limited, which owns 25% of the ordinary share capital of the associate..

Audit exemption
Pinewood Group Limited has given statutory guarantees against all the outstanding liabilities of the below listed wholly-owned subsidiaries at 31 March 2024 under Section 479A of the Companies Act 2006, thereby allowing these subsidiaries to be exempt from the annual audit requirement for the year ended 31 March 2024.

Although the Company does not anticipate the guarantees to be called upon, the book values of the guaranteed liabilities, excluding intragroup balances, for each relevant subsidiary at 31 March 2024 are set out below:

Company name	Company registration number	Liabilities to non-group entities £000
Pinewood Dominican Republic Limited	07096246	-
Pinewood Films Limited	07660856	-
PSL Consulting Limited	08655214	-
Pinewood Germany Limited	07079399	-
Pinewood Shepperton Facilities Limited	07527390	-

Notes to the Parent Company Financial Statements (continued)

for the year ended 31 March 2024

6 Trade and other receivables

	2024	2023
	£'000	£'000
Amount falling due within one year:		
Prepayments and other receivables	**2,317**	4,596
	2,317	4,596
Amount falling due after more than one year:		
Loans due from parent undertakings	**232,844**	350,893
Amounts due from subsidiary undertakings	**553,943**	426,316
	786,787	777,209
	789,104	781,805

Amounts due from subsidiary undertakings are repayable on demand. Amounts receivable from overseas subsidiaries bear interest at a rate of 5.77%. Amounts receivable from subsidiary undertakings are classified as non-current receivables because settlement is not expected within 12 months of the reporting date.

The loan due from the parent company is repayable by September 2025 and carries interest at 3.55% (2023: 3.55%). During April 2023 £125.0 million of this balance was repaid.

7 Share capital

	2024	2023
	£'000	£'000
1,000 Ordinary shares of £1 each (2023: 1,000 Ordinary shares of £1 each)	**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.

8 Interest-bearing loans and borrowings

	Maturity	**2024**	2023
		£'000	£'000
Non-current			
Loans from subsidiary undertaking	September 2025	**291,039**	748,512
	November 2027	**298,296**	297,877
	March 2030	**744,997**	-
Non-current drawn loan facilities		**1,334,332**	1,046,389
Current			
Loans from subsidiary undertaking	September 2025	**454,041**	-
Loans from subsidiary undertaking interest accruals		**4,630**	4,220
Current drawn loan facilities		**458,671**	4,220
Total interest-bearing loans and borrowings		**1,793,003**	1,050,609

Notes to the Parent Company Financial Statements (continued)

for the year ended 31 March 2024

8 Interest-bearing loans and borrowings (continued)

In September 2019, Pinewood Finco PLC ("Finco"), a subsidiary of the Company, announced it had priced an offering of £550.0 million aggregate principal amount of 3.25% Senior Secured Notes due September 2025. The proceeds of the offering were received on 25 September 2019 at which point the Company and Finco entered into a loan agreement with a principal and term that matched the 3.25% Senior Secured Notes issued by Finco. In January 2021, Finco issued an additional £200.0 million aggregate principal amount of Senior Secured Notes under its existing indenture and subsequently entered into a corresponding agreement to increase the principal amount of the loan with the Company.

In December 2021 Finco issued £300.0 million aggregate principal amount of 3.625% Senior Secured Notes due November 2021, following this in March 2024 with £750 million aggregate principal amount of 6.00% Senior Secured Notes due March 2030, both under new, separate indentures, the agreement between Finco and the Company being amended at each issue to reflect the increased principal amount of the loan with the Company.

As described in the Consolidated Financial Statements, in March 2024 the Group, through Finco, accepted for tender Senior Secured Notes under the 2025 indenture totalling a principal value of £459.7 million, for total consideration of £454.0 million. In so doing the Group recognised a gain arising on remeasuring the carrying value of the liability relating to the tendered notes. A corresponding reduction in the carrying value of the loan agreement between the Company and Finco has been recognised in these financial statements, along with an associated gain. The tender offer was settled at the amounts accepted in April 2024.

As at 31 March 2023, the loan agreement between Finco and the Company is for a total principal of £1,800 million, consisting of £750.0 million due September 2025, which bears interest at 3.25% plus a margin of 0.15% per annum, £300.0 million due November 2027, which bears interest at 3.625% plus a margin of 0.15% per annum and £750.0 million due March 2030, which bears interest at 6.0% plus a margin of 0.15% per annum.

The agreement between Finco and the Company includes a charge for the recovery of the finance fees incurred by Finco directly related to arranging the external debt. Repayments of interest and capital are required to be made in sufficient time for Finco to make onward payment to its external debt providers.

Details of total facilities and maturities for the Group are listed in Note 19 of the Consolidated Financial Statements.

9 Derivative financial instruments

The Company's interest rate swaps are recognised as derivative financial instruments. Fair value movements are recognised in the statement of comprehensive income within interest payable and receivable.

Further details can be found in Note 20 to the Consolidated Financial Statements.

10 Trade and other payables

	2024 **£'000**	2023 £'000
Other creditors	**4,245**	4,547
Amounts due to parent undertaking	**10,231**	6,410
Amounts due to subsidiary undertakings	**13**	42
	14,489	10,999

Intragroup balances are repayable on demand and non-interest-bearing.

11 Related party transactions

The Company has elected not to disclose related party transactions entered into with wholly-owned members of its wider group in accordance with paragraph 33.1A of FRS 102.

Notes to the Parent Company Financial Statements (continued)
for the year ended 31 March 2024

12 Contingent liability

The Company has committed to provide financial support to several of its wholly-owned subsidiary undertakings that were in a net current liability position at the time of signing their financial statements for the year ended 31 March 2023. This support was given up to an amount as may be required to enable each subsidiary to fulfil its operational commitments to meet liabilities as and when they fall due and to carry on their business as a going concern. Where it is required, Pinewood Group Limited intends to extend such support for a further 12 months from the date of signing financial statements for relevant subsidiaries for the year ended 31 March 2024.

Company name	Expiration date of financial support
Pinewood Studios Limited	31 January 2025
Shepperton Studios Limited	31 January 2025
Pinewood Film Advisors (W) Limited	31 January 2025
Pinewood Film Advisors Limited	31 January 2025
Pinewood PSB Limited	31 January 2025
Pinewood South Limited	31 January 2025
Pinewood-Shepperton Studios Limited	31 January 2025

The Company, together with certain subsidiary undertakings had at the financial statement date granted a cross guarantee in respect of the long-term borrowings and derivative liabilities of the Group. The guarantee was secured by a floating charge which as at 31 March 2024 was £1,905,279,781 (2023: £1,050,000,000).

13 Ultimate parent undertaking and controlling party

The immediate parent is Picture Holdco Limited, a company incorporated in England & Wales.

In November 2022, the Pinewood group of companies was acquired by PGV SCSp, an entity managed by Aermont Capital Management S.À R.L that has been created for the purpose of owning and expanding Pinewood.

Prior to the acquisition of the Pinewood group of companies by PGV SCSp, the ultimate parent entity was PW Real Estate Fund III GP Limited (a company incorporated in Jersey) in its capacity as general partner of PW Real Estate Fund III LP (a limited partnership formed in Jersey). Following the acquisition, the ultimate parent entity is PGV GP S.À R.L (a company registered in Luxembourg) in its capacity as general partner of PGV SCSp (a limited partnership formed in Luxembourg). The registered office of PGV GP S.À R.L and PGV SCSp is 5th Floor, 28 Boulevard Road, L-2449, Luxembourg.

The registered office address of Picture Holdco Limited is 10th Floor, St Mary Axe, London, EC3A 8BF. Picture Holdco Limited is the only parent of Pinewood Group Limited that prepares consolidated financial statements, and these will be publicly available from the registered address of that company.

14 Events after the reporting date

In April 2024, as part of its treasury management activities in respect of the Group's Senior Secured Notes maturing in September 2025, the Company purchased United Kingdom Treasury gilts of principal value £300 million. The gilts mature in September 2025 and bear coupon interest at 2%, payable in March and September. The gilts were purchased for a cost of £290 million.