

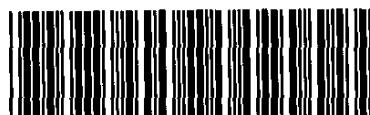
# Pinewood Group Limited

## Report and financial statements

Year ended 31 March 2023

Company Registration Number: 03889552

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A39 21/12/2023 #493

COMPANIES HOUSE

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A02 14/08/2023 #110

COMPANIES HOUSE

**Registered No:** 03889552

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## 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's two freehold studios, Pinewood Studios and Shepperton Studios, are set over 502 acres with approximately two million square feet of space in prime locations close to central London, which makes Pinewood an attractive choice for major film companies to produce content and to set up a long-term production base in the UK.

The Group has one reportable segment which comprises:

- rental activities at Pinewood Studios and Shepperton Studios including stages and other production accommodation, media hub and television studios;
- complementary activities such as Post-production and ancillary studio services; and
- other activities such as international sales, marketing and customer support on behalf of third-party studios.

The film and high-end TV ("HETV") sector continued to be successful during the year to 31 March 2023 ("FY23") and the Group's studios hosted a continuous pipeline of productions throughout the year. The British Film Institute ("BFI") has reported a combined UK film and HETV production spend during FY23 of £5.3 billion, from 402 productions, which was the second highest annual spend on record. Marvel Studios' and Disney Pictures' *Ant-Man and the Wasp: Quantumania*, Universal Pictures' *Jurassic World: Dominion*, Netflix's *Enola Holmes 2* and Roald Dahl's *Matilda the Musical*, were a few of the productions released last year that filmed at our studios, with Paramount Pictures' *Top Gun: Maverick* contracting for Post-production services.

During the year, Pinewood was acquired by PGV SCSp ("PGV"), an entity managed by Aermont Capital Management S.À R.L and established for the sole purpose of acquiring, owning and expanding Pinewood. Investors in PGV include some of the world's leading institutional investors, who committed the capital to acquire the Group, as well as additional capital to support Pinewood's future growth potential. PGV is a long-term vehicle with no designated termination date.

Separately, throughout the year, the Group has concentrated on its growth plans. The Group agreed to acquire Pinewood Toronto Studios ("PTS"), the pre-eminent studios in Toronto, Ontario and close to downtown city centre. The acquisition completed on 3 May 2023 and signifies the start of our expansion to premium film and HETV production facilities overseas.

In the UK, the construction of five additional stages at Pinewood West was completed and the stages handed over to Disney under the terms of their long-term contract. Construction continued at pace on the two phases of our Shepperton expansion, which we refer to as Shepperton South and Shepperton North West, and which comprise 940k sq ft of production accommodation, including 17 sound stages. Production accommodation under development at Shepperton is pre-let to Netflix and Prime Video (Amazon) under long-term contracts, resulting in all the Group's UK production accommodation, existing and currently under construction, being let under long-term index-linked contracts.

During the year, the Group was granted a revised outline planning permission at Pinewood for the development of a 1.4 million sq ft scheme comprising production accommodation, an education and business hub and a nature reserve. This replaced the previous permission to develop a 750k sq ft screen industries growth hub. The Group has a disciplined approach to development and will only commit to projects when confident of occupier demand.

We continue to focus on our environmental, social and governance ("ESG") responsibilities and established an ESG committee, with cross-functional management and two executive directors as members, to oversee this work. Throughout FY23, we reached an agreement with the Surrey Wildlife Trust, in a ground-breaking forerunner of the Biodiversity Net Gain ("BNG") process which is due to become a requirement under the Environment Act 2021 in November 2023. The Group invested £1 million to fund a 30-year programme of conservation and restoration at Manor Farm, close to Shepperton Studios, which will lead to a net gain for nature and biodiversity in Surrey.

The Group also developed and hosted the UK's biggest Screen Industry Careers Event, 'Set for More: Futures Festival', over two days. Global industry leaders were invited to share their career and sector experience, so inspiring and educating students about the career opportunities across our booming industry. In support of the Government's initiative to improve social mobility through education, we targeted the Government's twelve 'Opportunity Areas' across the UK and 4,000 people, including schools from eight Opportunity Areas, were welcomed to Pinewood to learn about the career opportunities in our industry. Separately, we launched our own programme, similar to the Government's 'Kickstart' scheme, to help people who are currently out of work take their first step into the world of film and TV; four people are in paid six-month placements.

## Strategic Report (continued)

### Business Overview (continued)

Finally, the Group continued to simplify and improve its processes, systems and corporate structure. We launched a new visitor booking system at our two studios and delivered several smaller projects to expand the footprint of our finance systems. We simplified our corporate structure, closing four legal entities which were the final remaining film production companies in the ceased Media Investment business.

### 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 was one adjusted item in FY23 and details about it can be found in the adjusted items section below and in Note 3 to the financial statements; there were no adjusted items in FY22.

Group revenue, at £120.5 million, improved by £17.6 million since prior year (FY22: £102.9 million). Around 60% of the increase was generated through underlying business improvements across UK studios and Post-production businesses. The remaining increase was from higher energy-related revenues, with energy purchased by the Group principally charged at cost to its long-term contract customers.

The UK studios continued to perform well. All our UK production accommodation is let to key customers under long-term contracts. These contracts contain annual inflation-linked indexation provisions, which have resulted in our billings and revenues increasing compared with the prior year. As required by UK GAAP, some of these indexation provisions result in certain rental revenues being recognised on a straight-line basis over the initial contractual term, rather than increasing each year. Consequently, in this respect, these revenues were held level with that of the prior year, having been adjusted upwards by £1.6 million from the contractual amounts due, which is lower than the £2.3 million upwards adjustment recognised in FY22.

During FY23, five newly constructed stages at Pinewood were completed and let to Disney during the second half of the year. Additionally, at the request of our customers and under the terms of the long-term contracts, the Group resold some of their unutilised space to other production companies, which generated additional revenues above that of the long-term contracts particularly in the second half of the year.

Post-production delivered another strong set of results, with demand for international versioning services increasing substantially.

The International business, comprising sales and marketing agreements with a studio in the Dominican Republic and Pinewood Toronto Studios, performed in-line with the prior year. The contract with PTS was terminated following our acquisition of the studio in May 2023.

Cost of sales expenditure increased by £11.5 million to £50.8 million (FY22: £39.3 million), with around 70% of this increase from higher energy prices. Whilst these energy costs are principally charged to our long-term contract customers at cost, the rising prices have also impacted the Group's own relatively small level of energy consumption. Other smaller increases were incurred in operating and insuring the sites, together with a post-pandemic maintenance catch-up programme during the year.

Gross profit at £69.7 million was £6.1 million higher than prior year (FY22: £63.6 million) with the gross profit margin of 57.9% being 3.9ppt lower than the prior year (FY22: 61.8%). Holding our customers' energy costs and pass-through revenues at last year's level, would have resulted in the margin this year being essentially the same as prior year.

Selling & distribution costs and administrative expenses, together totalling £8.8 million (FY22: £8.1 million), returned to normal levels this year, and the Group hosted the successful *Set for More: Futures Festival* as described earlier. The prior year sales and marketing activity and certain discretionary expenditure had reduced due to the ongoing pandemic.

Adjusted other operating expenses were £nil in the year (FY22: £0.4 million). The prior year reflected a small gain on disposal of assets, and this partly offset the repayment of £0.5 million of funds granted under the Coronavirus Job Retention Scheme ("CJRS"). Further, during the year, the Group set aside funds to establish a long-term incentive plan ("LTIP") 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 adjusted

## Strategic Report (continued)

### Business review (continued)

#### Statement of Comprehensive Income (continued)

charges of £8.2 million during the year and, as it is considered unusual in size, has been presented as an adjusted item as it is of limited long-term predictive value. The incentive plan is expected to give rise to further adjusted charges and payments over its life.

Adjusted operating profit of £60.9 million (FY22: £55.1 million) improved by £5.8 million versus the prior year, delivering an adjusted operating profit margin of 50.5% (FY22: 53.5%). The resultant adjusted operating profit margin reduced from that of FY22 due to higher energy prices and revenues as described above. Excluding the increase in customer-related energy revenues and costs, the adjusted operating profit margin would have been 53.9%, 0.4ppt higher than FY22. Operating profit after adjusting items of £52.7 million (FY22: £55.1 million), decreased by £2.4 million since the prior year, mainly due to an improvement in gross profit of £6.1 million, less an £8.2 million adjusted charge relating to the LTIP scheme.

Our associate company, PMBS Holdings Limited ("PMBS"), which offers lighting services at our UK studios and across UK-based film studios, continued to deliver positive results having recovered from the impact of the pandemic over the course of the prior year. As a result, income from participating interests has been recognised at £3.7 million (FY22: £2.0 million). This income has increased the carrying value of the Group's equity interest in PMBS to £5.7 million (FY22: £2.0 million).

Interest receivable and similar income, which mainly comprises income earned on the loan to the Group's parent company, was £16.4 million (FY22: £13.1 million). The improvement from the prior year followed an increase in bank interest of £3.4 million, having invested the proceeds of the December 2021 financing in line with the Group's treasury management policy. Interest payable and similar charges increased by £7.8 million to £36.8 million (FY22: £29.0 million). This resulted from the issuance, in December 2021, of £300.0 million of 3.625% senior notes due in November 2027.

Adjusted profit before tax was £44.3 million in the year (FY22: £41.1 million) and the combined charge for current and deferred tax was £9.5 million (FY22: £9.8 million). This represents an overall adjusted effective tax rate of 21.4% (FY22: 23.8%).

The overall effective tax rate in FY23 is higher than the 19% main rate of UK corporation tax, as the charge is predominantly in relation to deferred tax rather than current tax. Given the level of construction at the studios, the Group plans to claim sufficient capital allowances such that UK corporation tax is not payable in FY23. Instead, deferred tax is chargeable to the income statement and as the resultant liability is expected to unwind from FY24 onwards, it is initially provided for at a rate of 25%, being the rate payable from 1 April 2023 as determined by the Finance Act 2021. This higher overall effective rate of tax has been partially suppressed by the permanent benefit of year-one super-deduction capital allowances at 130% of qualifying spend, and by income from participating interests. Income from participating interests is included within profit before tax but is not subject to income taxes in the Group.

The high effective tax rate in FY22 is largely due to the main rate of UK corporation tax increasing from 19% to 25% from 1 April 2023 as noted above; the rates were incorporated in the Group's deferred tax position when the Finance Bill was substantively enacted during the prior year, so increasing the effective rate for FY22 by 3.1ppt.

As mentioned before, adjusted profit before tax increased by £3.2 million to £44.3 million (FY22: £41.1 million). However, statutory profit before tax reduced by £5.0 million to £36.1 million (FY22: £41.1 million). FY23 included an adjusted charge of £8.2 million in relation to setting up an LTIP scheme, together with an adjusted tax credit of £1.6 million. The LTIP scheme is designed to incentivise and retain certain senior members of staff, and to reward part performance in developing the Group. Including the adjusted post-tax charge of £6.6 million in FY23 for the LTIP scheme, statutory profit after taxation decreased by £3.2 million to £28.1 million (FY22: £31.3 million).

#### Adjusted Items

In FY23, the Group set aside funds to establish a long-term incentive plan to incentivise and retain certain senior members of staff, and reward individuals for their past performance in developing the Group. The plan gave rise to:

- Adjusted operating expenses of £8.2 million; and
- Adjusted tax credits of £1.6 million.

This has been presented as an adjusted item as the incentive plan is considered unusual in size and is, therefore, of limited long-term predictive value. The incentive plan is expected to give rise to further adjusted charges over its life through to the end of 2025.

## Strategic Report (continued)

### Business review (continued)

#### Statement of Comprehensive Income (continued)

There were no adjusted items in the year to 31 March 2022.

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 27.

#### Statement of Financial Position

The Group's net asset position at 31 March 2023 was £208.2 million (2022: £179.9 million), the increase of £28.3 million arising as a result of a profit after tax of £28.1 million, with the remainder being from a small level of net currency translation gains.

Non-current assets increased by £353.1 million during the year. The majority of this increase is due to the expansion projects at Pinewood and Shepperton studios, leading to a net increase in property, plant and equipment of £337.6 million. The Group's interest in its associate, PMBS, has increased by £4.0 million, primarily due to the Group having recognised an equity accounted share of the associate's results amounting to £3.7 million, but also due to interest accrued on the Group's holding of its loan notes. The Group's non-current receivable from its parent company has also increased by £11.1 million with interest accruing on the principal.

Current assets decreased by £269.5 million, reflecting a decrease in cash and cash equivalents and short-term deposits of £272.3 million. This incorporates net operating cash inflows, offset by cash outflows from the purchase of property, plant and equipment as the Group continues to deliver the studio expansion.

Offsetting the growth in total assets is a £55.3 million increase in total liabilities. The Group's current trade and other payables increased by £45.7 million, due to increased capital creditors as the studio expansion progresses and a higher level of deferred income following increases in lettable studio accommodation at Pinewood, the long-term contract indexation clauses, and increased levels of resale activity contracted for FY24 towards the end of the year. Within non-current liabilities, deferred tax liabilities increased by £8.3 million. This increase arises mainly from 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. The Group's super senior revolving credit facility of £75.0 million, of which £15.0 million expires in March 2025 and £60.0 million expires in May 2027, remained undrawn throughout the year. Both the senior secured notes and the revolving credit facility are secured on certain principal assets of the Group.

After the year end, and as a part of the acquisition financing of Pinewood Toronto Studios in May 2023, the Group raised a C\$175 million floating rate 5-year term loan as described in note [25]. 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 2023 was £797.8 million (FY22: £525.5 million). See performance measures on page 7 for the calculation of adjusted net debt.

#### Cash flow

The cash balance at 31 March 2023 was £252.2 million (2022: £484.5 million), having reduced from the start of the year due to net cash outflows of £232.5 million (FY22: £186.6 million inflow), with the balance arising due to exchange movements on cash balances held in foreign currencies.

The Group generated £42.4 million (FY22: £30.0 million) of cash through operating activities after interest and tax, reflecting an increase of £12.4 million since prior year. This year-on-year improvement is due to the following factors:

- i. A £2.0 million decrease in cash flows from operating activities before movement in working capital to £64.2 million (FY22: £66.2 million). This was mostly due to the £5.8 million improvement in adjusted operating profit as described above, excluding the small increases between the years in depreciation and amortisation charges and profit/loss on disposal of assets together totalling £0.3 million, offset by adjusted charges of £8.2 million as described above.

**Strategic Report (continued)****Business review (continued)****Cash flow (continued)**

- ii. A £15.8 million improvement in changes in working capital to £10.2 million inflow in FY23 (FY22: £5.6 million outflow). This was principally due to a higher level of cash received in advance from long-term contract and other customers, following the additional capacity from the new stages at Pinewood in FY23, inflationary terms within the leases and an improved level of resales contracted for in advance of FY24.
- iii. Net interest payments increased by £6.7 million to £31.9 million (FY22: £25.2 million), reflecting greater charges because of the increased level of borrowings, less higher levels of interest received on the Group's cash balances. Net income tax paid reduced by £5.4 million to £nil (FY22: £5.4 million), reflecting the capital allowances on spend in relation to the ongoing studio expansion programme, which has substantially offset UK taxable profits for FY23.

Net cash outflow from investing activities increased to £274.9 million (FY22: £140.0 million), with £313.2 million of this spend mainly attributable to purchases of property, plant and equipment, being predominantly the Group's expansion programmes at Pinewood and Shepperton studios. However, the Group received back £40.0 million of cash from short-term deposits requiring advance notice of withdrawal (FY21: £40.0 million placed on deposit) as part of its treasury management policy and business expansion requirements.

Net cash flow from financing activities was £nil (FY22: £296.6 million), with the prior year related to proceeds from the issue of £300.0 million 3.625% senior secured notes, net of associated transaction costs.

**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 by excluding 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 and reconciliations to the equivalent statutory measures are detailed below.

For the year ended 31 March		2023	2022
	Note	£'000	£'000
Turnover	2	120,506	102,926
Adjusted EBITDA (see below)		76,042	68,149
Adjusted EBITDA margins (adjusted EBITDA/Turnover)		63.1%	66.2%
Profit before taxation		36,073	41,115
Cash generated from operations (Group Statement of Cash Flows)		74,306	60,580
Net cash flow from operating activities (Group Statement of Cash Flows)		42,430	29,981
Adjusted net debt (see below)		(797,828)	(525,525)
Adjusted capital expenditure		313,166	100,004

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**

<b>For the year ended 31 March</b>		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
Profit after taxation		<b>28,138</b>	31,345
Tax charge on profit	10	<b>7,935</b>	9,770
Net interest payable and similar charges	8/9	<b>20,373</b>	15,897
Depreciation of property, plant and equipment	4	<b>10,407</b>	10,257
Amortisation of intangible assets	4	<b>952</b>	946
Loss/(gain) on disposal of property, plant and equipment, and investments	4	<b>58</b>	(66)
<b>EBITDA</b>		<b>67,863</b>	68,149
Adjusted Items:			
Other operating expenses	3	<b>8,179</b>	-
<b>Adjusted EBITDA</b>		<b>76,042</b>	68,149

**Reconciliation of adjusted net debt**

<b>As at 31 March</b>		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
Current assets: Cash and cash equivalents	16	<b>252,172</b>	484,458
Non-current and current borrowings: High yield bond	19	<b>(1,050,504)</b>	(1,049,103)
Drawn loan facilities less current assets		<b>(798,332)</b>	(564,645)
<b>Net debt</b>		<b>(798,332)</b>	(564,645)
Adjustments:			
Deposits	15	-	40,017
Interest accrued		<b>4,052</b>	3,564
High yield bond arrangement costs net of premium received		<b>(3,548)</b>	(4,461)
<b>Adjusted net debt</b>		<b>(797,828)</b>	(525,525)



## 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 pages 10-11).

#### *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. With long-term contracts in place for 100% of the existing production accommodation at our UK sites, where the rent is payable in advance, 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. All production accommodation under development at Shepperton Studios is also subject to long term contracts, which are expected to commence during the year to 31 March 2024.

The Group, however, has recently acquired PTS which, shortly before acquisition, has completed the construction of additional production accommodation which is not subject to a lease, and accommodation on which current leases may not be extended. Further, the Group has other expansion plans both in the UK and internationally, and without customer contracts in place, these also would be subject to competition risk should we decide to proceed. Whilst the significant barriers to entry – such as the often higher 'alternative use' values associated with land suitable for studio development and the difficulty in obtaining planning consent – serve to mitigate the impact of competition, we continue to approach all expansion programmes in a judicious manner.

We also recognise that a material increase in the amount of studio space in the south-east may lead to a shortage in the skilled UK labour force necessary for content production, and potentially an increase in the cost of skilled labour. We are working with the BFI and Government departments to help address any skills shortages. This is reflected in our ongoing support for the BFI Academy, funding scholarships to the National Film and Television School and setting up our own *Behind the Screen* trainee programme.

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

Our ongoing investment and maintenance programmes ensure a continual improvement of our existing facilities, thereby maintaining the iconic nature of the studios which our customers enjoy.

##### *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 content and, therefore, our customers' need for production accommodation. Similarly, labour strikes held by any group of workers associated with the creation and production of film content (e.g. writers), may lead to a short-term reduction in the requirement for studio space. The long-term contracts with three of our customers mitigate the financial risk to the Group through periods of lower demand for production accommodation. Further, in 2022, it was pleasing to see the key streaming platforms announce several measures to address this risk and to improve their product offering and profitability; stopping free password-sharing, introducing advertising to reduce the customer subscription charge, and a focus on reducing their embedded cost base. Separately, 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.

Separately, the 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 film industry tax incentive regime, or an increase in incentives in overseas jurisdictions, may damage the attractiveness of the UK as a destination for film content creation. The Group monitors the cultural and economic contribution that screen-based industries make to the UK economy. In FY23, the UK Government reinforced its support for the incentive, announcing that they will continue the fundamentals while changing the mechanism from January 2024, to avoid conflict with other forthcoming, unrelated legislation.

Further, 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 these cost increases may not be passed on to our entire customer base, thereby leading to lower

**Strategic Report (continued)****Risk Management (continued)*****Principal risks and uncertainties (continued)***

profit margins. The Valuation Office Agency ("VOA"), the public body responsible for business rates, recently published rateable values effective from 1 April 2023. The changes increase the Group's business rates by c. 4.5x or approximately £16 million on a like-for-like basis since the previous year. The Government has also implemented a transitional relief scheme which seeks to limit the impact on businesses affected by the revaluation. The scheme caps the increase in business rates for a 3-year period for those properties available for occupation at 31 March 2023. The Group will benefit from the Government's scheme on its existing accommodation, albeit not on the expansion area at Shepperton, and for a company of our size, the increases would be limited to 38% above current levels in FY24, an expected additional 38% in FY25 and a further increase of 54% in FY26. The Group is engaging with the VOA, along with other studio owners and the British Film Commission, with a view to agreeing a smaller increase.

***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 obtaining planning permission 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.

The Group is delivering its current expansion plans at its UK studios and any unforeseen factors such as design complications and amendments or infrastructure matters, could result in higher costs and delays leading to reduced revenue from delayed opening. Similarly, the Group may be exposed to commodity price inflation. These risks could impact the Group's operations and its ability to generate the expected returns.

The Group employs a skilled team of property experts and engages external advisors throughout the design, planning and construction phases to help mitigate the 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 and has signed fixed price contracts for the delivery of the expansion works currently underway at Shepperton Studios.

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, resulting in a loss of turnover and damage to 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 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 current and planned expansion 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.

## Strategic Report (continued)

### Risk Management (continued)

#### Principal risks and uncertainties (continued)

##### 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 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.

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.

During the year, the Group established an ESG committee to oversee environmental, social and governance (ESG) aspects relevant to our business, including climate-related issues and ESG risks and opportunities. The committee has published the Group's ESG Strategy Statement. This 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 including, for example, targeting a 50% reduction of energy-related greenhouse gas (GHG) emissions<sup>1</sup> by 2030, based on a 2012 baseline.

We are investigating the installation of on-site, low carbon and renewable energy sources for our expansion projects and we continue to identify and implement energy and carbon efficiency improvements for our existing estate. Since April 2020, the Group has purchased 100% renewable electricity for the studios, including tenant usage. Based on 2022 consumption data, we have already achieved a 44% reduction in emissions using the location-based calculation methodology (i.e., not including renewable purchases) and a 68% 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 invasion of Ukraine and the global political instability. This includes contemplating potential operational risks, such as the regular provision of power to the studios, and financial aspects, such as the resultant rise in the base interest rates, which may increase the cost of funding the Group's studio expansion programmes.

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. The Group has just entered into the Canadian market with the acquisition of Pinewood Toronto Studios and therefore continues to monitor the evolving UK trade policies with Canada and other non-EU countries. 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. The Group's dedicated task force remains responsible for monitoring and escalating any measures should they become necessary.

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

<sup>1</sup>Scope 1, 2 and selected scope 3 emissions (tenant consumption of energy procured), using location-based calculation methodology.

## **Strategic Report (continued)**

### **Risk Management (continued)**

#### ***Other and emerging risks (continued)***

working, frequency of ransomware attacks and heightened security incidents due to current political instability and conflicts abroad;

- The evolution of the film and HCTV industry;
- Environmental, Social, and Governance 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 environmental enhancement.

Projects have continued to be implemented to improve the energy efficiency of the iconic Pinewood and Shepperton sites, replacing legacy plant with modern, more efficient technology. LED lighting continued to be rolled out across offices, workshops and stages, along with advanced lighting controls to further increase energy efficiency. Old, inefficient boilers are being replaced. Since April 2020, the Group has procured all its electrical needs from renewable sources.

Sustainability is a cornerstone in all our expansion initiatives. The Shepperton South studio development continued in the year with carbon reduction as an important design principle. The project has been designed to achieve a BREEAM Very Good rating for office and workshop buildings and has a range of sustainable solutions embedded. For example, air-source heat pumps are heating the offices and PV panels provide on-site, renewable energy. A new workshop building constructed in Pinewood East will meet the latest Part L building regulations and accommodate 380m<sup>2</sup> of PV panels for renewable energy generation. Having been granted outline planning consent for the development of Pinewood South, if developed, the Group will also deliver a 63-acre nature reserve at Alderbourne Farm. This would be a publicly accessible, community asset that enhances local biodiversity and protects existing habitats.

During the year the Group comprehensively reviewed its ESG approach, including current policies, processes and initiatives. The Group established a new ESG roadmap and statement that set out the following priorities and commitments:

#### Environmental

- Climate action: Develop carbon/energy management plan to reach greenhouse gas ("GHG") targets.
- Waste, Recycling & Circular Economy: Maintain zero waste to landfill; increase recycling and reduction in water usage.
- Biodiversity: Focus on biodiversity "net gain" metrics and monitoring across the estate.
- Green Buildings: targeting BREEAM Excellent rating for all future developments.

#### Social

- Stakeholder Engagement & Inclusion: Communicate ESG strategy to all stakeholders and support customers to meet their ESG goals.
- Diversity, Equality & Inclusion ("DEI"): Launch a formal DEI policy and announce DE&I champion to oversee its implementation.
- Human Capital Development & Education: Commit to the 'Futures Festival' careers fair and Pinewood's Behind the Screen trainee programme.

#### Governance

- Risk Management: Formalise risk governance and processes.
- Supply Chain Management & Procurement: Update reporting & monitoring of suppliers for ESG aspects.
- ESG Governance & Disclosure: Prepare for expansion of ESG reporting (GRESB, UK regulatory).

An ESG Committee has been established to oversee Pinewood's ESG work, with cross-functional oversight and representation from the Board of Directors, including the Chief Executive Officer. Significant progress has been made across multiple priorities on the ESG roadmap including human capital development and supply chain management (see Section 172 statement, below).

Following an increase in emissions in FY22 from FY21, emissions have fallen in FY23 to levels below that of FY21. 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 follows:

	<b>FY23</b>	<b>FY22</b>
Energy consumption used to calculate emissions (kWh)	47,630,488	55,460,463
Emissions from combustion of gas tCO <sub>2</sub> e (Scope 1)	3,321	3,895
Emissions from combustion of other fuels tCO <sub>2</sub> e (Scope 1)	2,008	2,655
Emissions from combustion of fuel for transport purposes tCO <sub>2</sub> e (Scope 1)	17	12
Emissions from business travel in rental cars or employee-owned vehicles tCO <sub>2</sub> e (Scope 3)	1	1
Emissions from purchased electricity tCO <sub>2</sub> e (Scope 2, location-based)	4,026	4,869
<b>Total gross tCO<sub>2</sub>e</b>	<b>9,372</b>	<b>11,431</b>
Intensity ratio: tCO <sub>2</sub> e/ sq ft floor area	0.0045	0.0057
Methodology	GHG Reporting Protocol	GHG Reporting Protocol
Emissions from purchased electricity tCO <sub>2</sub> e (Scope 2, market-based factor)	0	0
<b>Total annual net emissions tCO<sub>2</sub>e</b>	<b>5,347</b>	<b>6,562</b>

## 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 six 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 Management Committee (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 quarterly 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 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 Management Committee 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: rationalise our international presence and expand in strategic markets, being present in those markets that are important to our customers.

Over the last seven 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 with two key customers for 100% of the existing UK production accommodation; (ii) entered into agreements for new long-term leases with two customers of our new development space at Shepperton; and (iii) 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. 0.5m square feet; (ii) completed the construction of five new stages at Pinewood West, occupied by Disney under a long-term contract; (iii) purchased 65 acres of land and the construction of 17 stages plus ancillary production accommodation is well-progressed at Shepperton Studios, which are pre-let under long-term contracts; and (iv) purchased 77 acres of land adjacent to Pinewood Studios and achieved outline planning consent for 21 new sound stages plus ancillary accommodation and an education and business hub, 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, rationalised Pinewood's presence outside the London cluster by (i) selling our 40% stake in the Atlanta JV and terminating the arrangement with the studios; and (ii) terminating our arrangements with studios in Malaysia and Wales. Subsequently, in May 2023, the Group completed the acquisition of Pinewood Toronto Studios in Ontario, Canada in a first step towards expansion in strategic markets. The Group continues to consider opportunities in international markets that are important to its customers.

The Group 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. An ESG Committee has been established to 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 quarterly 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 FY23
<b>Our customers and industry partners</b>		
<ul style="list-style-type: none"> <li>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</li> <li>Outstanding customer service</li> <li>Active participant and thought leader in the British Film industry</li> <li>Availability of highly skilled crew base capable of producing film and high-end television and broadcast content to an exceptional standard</li> <li>An ecosystem of companies able to service productions</li> <li>Technology and skills capable of producing world class multilingual audio mixes to tight timeframes</li> </ul>	<ul style="list-style-type: none"> <li>Collaborate with our customers to understand their latest infrastructure and service requirements</li> <li>Ad hoc meetings with producers, together with productions' customer surveys, to seek feedback</li> <li>Request feedback from Media Hub tenants, who make up the studio ecosystem, through surveys and forums</li> <li>Send regular notices and updates to, and hold a fortnightly virtual forum with, our productions on the latest operating protocols</li> <li>The Group is actively involved with leading industry bodies such as the British Film Institute (BFI), British Film Commission (BFC), Women in Film &amp; TV, the British Screen Forum, BAFTA, Creative Industry Trade Advisory Group (TAG), ScreenSkills, British Film Designers Guild, Creative UK and The Production Guild</li> </ul>	<ul style="list-style-type: none"> <li>Completed the construction of five stages at Pinewood, which were leased to Disney from October 2022. Continued the development of 17 stages and ancillary production accommodation at Shepperton</li> <li>Achieved revised outline planning consent for the development of 21 new sound stages plus ancillary accommodation and an education and business hub at Pinewood South</li> <li>Upgraded the WiFi in the priority areas used by our customers to the latest technology, with remaining properties expected to be upgraded in FY24</li> <li>Delivered targeted improvements to enhance the customer experience of our iconic 1930s studios</li> <li>Maintained health and safety procedures in line with Government guidance on reducing the spread of respiratory infections</li> </ul>



## Strategic Report (continued)

## Section 172 Statement (continued)

Stakeholders' interests	How we engage	Outcomes in FY23
<b>Our employees</b>		
<ul style="list-style-type: none"> <li>• Career progression</li> <li>• Learning / development opportunities</li> <li>• Timely and efficient communication channels</li> <li>• Health, safety and wellbeing</li> <li>• Diversity and inclusion</li> <li>• Aligning Group and employee interests</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct an annual all-staff engagement survey</li> <li>• Seek employees' views through multiple channels, including: the intranet, 1-to-1 meetings, monthly briefings on business activities and quarterly all-staff meetings</li> <li>• Support employees' mental and physical wellbeing, with an enhanced healthcare offering, access to a 24/7 virtual GP service, mental-health training for management and other support services</li> <li>• Offer employees the opportunity to undertake professional accreditation courses sponsored by the Group</li> <li>• Provide annual training for all staff including aspects of data protection, anti-bribery, health &amp; safety, cyber security and other such training as necessary, including for particular roles</li> <li>• Provide management development for upcoming and new managers, to focus on growing the capability and skills of our existing and potential line manager population</li> </ul>	<ul style="list-style-type: none"> <li>• Operated a robust plan for all staff, to mitigate the risk of spread of respiratory infections</li> <li>• 114 employees gained trade and professional skills through a mixture of training courses, academic qualifications, professional body certifications, apprenticeships and university work placements</li> <li>• The Group has been running monthly health and safety toolbox talks for employees as well as actively engaging with productions and clients' health and safety teams</li> <li>• Continuation of the in-house Management Development programme, and supported internal secondments to focus on development and promotions</li> <li>• Following on from the success of the Government's 'Kickstart' scheme, Pinewood launched its own '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</li> </ul>
<b>Our community</b>		
<ul style="list-style-type: none"> <li>• A responsible and considerate neighbour</li> <li>• Timely and efficient communication channels with frequent information sharing</li> <li>• Employment opportunities for the local community</li> <li>• Sustainable environmental policies and practices</li> <li>• Engagement with young people and educational facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Our Community Engagement Manager maintains an open communication channel</li> <li>• Engaging with local groups and charities to support initiatives and fundraising via the #SetForMore (Community) platform</li> <li>• 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</li> <li>• Quarterly Pinewood and monthly Shepperton Studios Community Liaison Groups with community stakeholders and councillors</li> <li>• Consult with local communities regarding expansion proposals and plans from planning through to construction</li> <li>• Shepperton Studios Community Fund, administered by the Community Foundation for Surrey, provides grants to good causes in the local area</li> </ul>	<ul style="list-style-type: none"> <li>• Hosted the UK's biggest Screen Industry Careers Event, "Set for More: Futures Festival" over 2 days. Global industry leaders shared their career and sector experiences with over 4,000 students</li> <li>• Continued staff volunteering days for the River Ash clean up and litter picking in the local areas</li> <li>• Sponsorship of local events including a village fair, multiple events celebrating the Queen's Platinum Jubilee, remembrance and carol services, and Fulmer Fireworks Display</li> <li>• The Shepperton Studios Community Fund awarded grants to Resource Productions; 8th Ashford Scouts; Stanwell Events; and Girlguiding Surrey West</li> <li>• Continued partnering with the National Film and Television School to offer scholarships for those living in the local Pinewood studios area</li> </ul>

## Strategic Report (continued)

## Section 172 Statement (continued)

Stakeholders' interests	How we engage	Outcomes in FY23
<b>Our environment</b>		
<ul style="list-style-type: none"> <li>Sustainable environmental policies and practices</li> <li>Full compliance with environmental legislation in all locations where we operate</li> <li>Support for biodiversity</li> <li>Net Zero Carbon plans</li> </ul>	<ul style="list-style-type: none"> <li>We employ a dedicated team of sustainability experts to drive green initiatives across our operations</li> <li>Provide training to all new joiners to the Group on environmental practices and policies</li> <li>Implementing environmentally friendly construction techniques and plans on all of our studio expansion programmes</li> <li>Encouraging greener travel by providing free shuttle busses for staff, clients and visitors to our studios</li> <li>ESG Committee meets quarterly to oversee, report on and advance Pinewood's sustainability goals and objectives</li> </ul>	<ul style="list-style-type: none"> <li>Should the Group proceed with the Pinewood South development, planning consent has been received to deliver a 63-acre nature reserve at Alderbourne Farm, enhancing local biodiversity and protecting existing habitats</li> <li>Ground-breaking £1 million agreement with Surrey Wildlife Trust to deliver conservation and restoration works over 30 years in the Shepperton studios local area</li> <li>The Group continued to purchase electricity from 100% renewable sources and rolled out energy efficient lighting across the estate</li> </ul>
<b>Our suppliers and other partners</b>		
<ul style="list-style-type: none"> <li>Long-term partnerships, with a studio customer with ethical and likeminded cultural values</li> <li>A clear agreement of the required service and performance levels</li> <li>Timely and efficient communication channels</li> <li>Fair payment terms</li> </ul>	<ul style="list-style-type: none"> <li>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</li> <li>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</li> <li>We run a contract-start process, training suppliers on our studio regulations to minimise operational risks</li> <li>Regular service delivery meetings between our key suppliers and operational studio and procurement staff</li> </ul>	<ul style="list-style-type: none"> <li>Completed 19 key service contracts in the year, including multi-year security services and occupational health contracts</li> <li>Completed c. 50 supply contracts for IT services and high values assets and goods</li> <li>We met with our key suppliers on a monthly basis, and considered contract performance, innovation and efficiencies, health, safety and ESG aspects</li> <li>In FY23, we conducted a full compliance review of the studios' suppliers and enhanced our process to monitor potential links with any sanctioned countries, businesses and people. This process has been continued for new prospective suppliers</li> <li>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</li> </ul>

**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 Boards of Directors. Business managers submit matters for Board consideration. The submissions are monitored by the Company Secretary and all approvals noted in quarterly 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 Management Committee and Heads of Department. Weekly Management Committee meetings, including the four Executive Directors, are held. The Board maintains a close working relationship with the Executive Directors and has oversight of day-to-day business and strategic matters of the Group.

**(iii) Anti-bribery and Corruption**

The Board is 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 is committed to conducting all business in an honest and ethical manner. It 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 has 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'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 Management Committee 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.

**(viii) Spread of respiratory infections procedures**

The Board oversees its responsibilities in relation to all respiratory illnesses in line with latest Government guidance through the dedicated Task Force consisting of members of the Management Committee and subject matter experts, reporting directly to the Board on matters of policy, process and performance.

**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 financial performance reviews against budget;
- receive quarterly reports from the Legal Department and from the other functional areas;
- discuss and approve the annual operating plan;
- 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 quarterly and ad-hoc reports from the Health, Safety, Environmental and Compliance teams.

**Post balance sheet events*****Acquisition of Pinewood Toronto Studios***

On 3 May 2023, the Group completed the acquisition of Pinewood Toronto Studios. The acquisition has been funded through an injection of capital from Pinewood's ultimate parent, PGV SCSp ("PGV"), a C\$175.0 million 5-year term loan and c. £35 million of the Group's own funds.

In addition to the loan, Pinewood Toronto Studios will be able to draw down on a C\$5.0 million revolving credit facility. The loan is secured on the assets of Pinewood Toronto Studios Inc (PTSI), with an unsecured guarantee capped at C\$180.0 million from Pinewood Group Limited. On closing, the Group entered into a 5-year C\$175.0 million interest rate swap to fix the rate, including margin, at 5.7%.

***Appointment of Chief Executive Officer***

Paul Golding will be stepping down as Interim Chief Executive later this year but will continue to have an active and ongoing role in the business as Chairman.

The board is pleased to announce that it has appointed David Conway as Chief Executive of Pinewood Group. Mr. Conway is currently serving as Chief Financial and Operating Officer at Independent Television News ("ITN"), a position he has held since 2019. Prior to ITN, he was Chief Executive at BBC Studioworks for five years. During his time at the BBC and ITN, David has had cross-functional leadership and oversight of a number of business areas including, finance, strategy, studios, property, post-production, technology and health & safety. Mr. Conway will take up his position later this year.

**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

13 June 2023

## Directors' Report

The Directors present their annual report and audited financial statements of the Group for the year ended 31 March 2023.

### Results and Dividends

Group profit after taxation for the year ended 31 March 2023 was £28.1 million (FY22: £31.3 million), including the impact of adjusted items.

No dividends were paid during the year (FY22: £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:

Paul Golding  
Barbara Inskip  
Luis Moner Parra  
Nathan Shike  
Andrew M Smith  
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 14.

### 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 16 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 work 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 this year, 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. We have four placements which are all paid, six months long and work across our TV, Post-production, Health and Safety and Operations 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 12-13.

**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. Details of the post balance sheet event are disclosed on page 52 of the financial statements.

**Going Concern**

As outlined within the Strategic Report on page 19, 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.

**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, pages 8-10
- Post balance sheet events - Strategic Report, page 19
- 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:



**Leonie Dorrington-Ward**

Company Secretary

13 June 2023

## 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.

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**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 2023 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 Financial Position;
- the Group Statement of Comprehensive Income;
- the Group Statement of Cash Flows;
- the Group Statement of Changes in Equity;
- the related notes to the Group Financial Statements 1 to 25;
- 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](http://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 relevant internal specialists such as tax 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 areas, and our specific procedures performed to address them are described below:

- There is risk that liability balances in relation to capital creditors are not complete: We have selected a sample of items from post year end bank statements and post year end purchase invoices. We obtained the supporting documentation for these items and performed procedures to determine whether the transactions have been correctly recorded.
- There is a risk that capital investments made during the year are not recoverable: we reviewed the costs capitalised on a sample basis against supporting documentation to determine if the asset recognition criteria have been met appropriately. We reviewed the investment plan for the business rationale and opportunities behind the investments. We reviewed the forecasted income statement for the period of recovery of the investments. We verified data used in the forecast to supporting evidence.

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.

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**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.*

Amy Lyons FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Reading, United Kingdom  
13 June 2023

**Group Statement of Comprehensive Income**  
for the year ended 31 March 2023


		31 March 2023			31 March 2022		
		Adjusted	Adjusted items	Total	Adjusted	Adjusted items	Total
	Note	£'000	(Note 3) £'000	£'000	£'000	(Note 3) £'000	£'000
Turnover	2	120,506	-	120,506	102,926	-	102,926
Cost of sales		(50,790)	-	(50,790)	(39,333)	-	(39,333)
Gross profit		69,716	-	69,716	63,593	-	63,593
Selling and distribution costs		(1,066)	-	(1,066)	(796)	-	(796)
Administrative expenses		(7,685)	-	(7,685)	(7,292)	-	(7,292)
Other operating expenses	3	(50)	(8,179)	(8,229)	(446)	-	(446)
Operating profit/(loss)	4	60,915	(8,179)	52,736	55,059	-	55,059
Income from participating interests	11	3,710	-	3,710	1,953	-	1,953
Interest receivable and similar income	8	16,405	-	16,405	13,103	-	13,103
Interest payable and similar charges	9	(36,778)	-	(36,778)	(29,000)	-	(29,000)
Profit/(loss) before taxation		44,252	(8,179)	36,073	41,115	-	41,115
Tax (charge)/credit	10	(9,489)	1,554	(7,935)	(9,770)	-	(9,770)
Profit/(loss) after taxation attributable to equity shareholders		34,763	(6,625)	28,138	31,345	-	31,345
<b>Other comprehensive income</b>							
Currency exchange differences		148	-	148	294	-	294
Total comprehensive income/(loss)		34,911	(6,625)	28,286	31,639	-	31,639

The notes on pages 31 to 52 form part of these financial statements.

**Group Statement of Financial Position**  
as at 31 March 2023

	Note	2023 £'000	2022 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	12	4,016	4,889
Property, plant and equipment	13	757,605	420,050
Interests in associates	11	10,157	6,108
Derivative financial instruments	20	1,258	8
Trade and other receivables	14	350,893	339,813
		<b>1,123,929</b>	<b>770,868</b>
<b>Current assets</b>			
Inventories		106	46
Trade and other receivables	14	30,246	27,473
Deposits	15	-	40,017
Cash and cash equivalents	16	252,172	484,458
		<b>282,524</b>	<b>551,994</b>
<b>Total assets</b>		<b>1,406,453</b>	<b>1,322,862</b>
<b>Equity and liabilities</b>			
Share capital	17	1	1
Translation reserve	18	2,137	1,989
Retained earnings	18	206,022	177,884
<b>Total equity</b>		<b>208,160</b>	<b>179,874</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	19	1,046,452	1,045,539
Deferred tax liabilities	10	13,777	5,487
		<b>1,060,229</b>	<b>1,051,026</b>
<b>Current liabilities</b>			
Interest bearing loans and borrowings	19	4,052	3,564
Derivative financial instruments	20	-	125
Trade and other payables	21	134,012	88,273
		<b>138,064</b>	<b>91,962</b>
<b>Total liabilities</b>		<b>1,198,293</b>	<b>1,142,988</b>
<b>Total equity and liabilities</b>		<b>1,406,453</b>	<b>1,322,862</b>

The financial statements of Pinewood Group Limited (registered number: 03889552) were approved and authorised for issue by the Board of Directors on 13 June 2023. They were signed on its behalf by:



**Barbara Inskip**  
Director

**Group Statement of Cash Flows**  
for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
<b>Cash flow from operating activities:</b>			
Profit before taxation		36,073	41,115
<i>Adjustments to reconcile profit before taxation to net cash flows:</i>			
Depreciation and amortisation	4	11,359	11,203
Profit on disposal of investments	4	-	(141)
Loss on disposal of property, plant and equipment	4	58	75
Income from participating interests	11	(3,710)	(1,953)
Unrealised foreign exchange losses		1	-
Interest receivable and similar income	8	(16,405)	(13,103)
Interest payable and similar charges	9	36,778	29,000
<b>Cash flow from operating activities before changes in working capital</b>		<b>64,154</b>	<b>66,196</b>
Increase in trade and other receivables		(11,513)	(8,237)
(Increase)/decrease in inventories		(60)	13
Increase in trade and other payables		21,725	2,608
<b>Cash generated from operations</b>		<b>74,306</b>	<b>60,580</b>
Interest paid		(35,511)	(25,642)
Interest received		3,608	479
Net income tax received/(paid)		27	(5,436)
<b>Net cash flow from operating activities</b>		<b>42,430</b>	<b>29,981</b>
<b>Cash flow from/(used in) investing activities:</b>			
Proceeds from disposal of property, plant and equipment		1,180	-
Purchase of property, plant and equipment		(314,278)	(100,059)
Purchase of intangible assets		(68)	(86)
Proceeds from disposal of investments		-	141
Transaction costs	25	(1,722)	-
Amounts returned from/(placed on) deposit		40,000	(40,000)
<b>Net cash flow used in investing activities</b>		<b>(274,888)</b>	<b>(140,004)</b>
<b>Cash flow from/(used in) financing activities:</b>			
Proceeds from issue of Senior Secured Notes		-	300,000
Payment of loan issue costs and finance arrangement fees		-	(3,379)
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>296,621</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(232,458)</b>	<b>186,598</b>
Currency exchange movement		172	264
Cash and cash equivalents at the start of the year		484,458	297,596
<b>Cash and cash equivalents at the end of the year</b>	16	<b>252,172</b>	<b>484,458</b>

### Reconciliation of Movement in Net Debt for the year ended 31 March 2023

	2023 £'000	2022 £'000
Net (decrease)/increase in cash and cash equivalents	(232,458)	186,598
Currency exchange movement	172	264
Payment of interest on loan notes	34,744	24,375
Proceeds from issue of loan notes	-	(300,000)
Payment of loan issue costs and finance arrangement fees	-	3,379
Movement in loan issue costs accrued	-	(90)
Loan arrangement costs recognised within other receivables	-	(597)
Interest expense on loan notes	(36,145)	(28,515)
Movement in net debt	(233,687)	(114,586)
Net debt at the start of the year	(564,645)	(450,059)
Net debt at the end of the year	(798,332)	(564,645)
Net debt at the end of the year excluding restricted cash	(800,020)	(566,400)

### Group Statement of Changes in Equity for the year ended 31 March 2023

	Share capital £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 01 April 2022	1	1,989	177,884	179,874
Profit for the year	-	-	28,138	28,138
Currency exchange differences	-	148	-	148
Total comprehensive income for the year	-	148	28,138	28,286
At 31 March 2023	1	2,137	206,022	208,160
At 01 April 2021	1	1,600	146,634	148,235
Profit for the year	-	-	31,345	31,345
Currency exchange differences	-	294	-	294
Total comprehensive income for the year	-	294	31,345	31,639
Transfer in respect of dissolved foreign entities	-	95	(95)	-
Shares issued and allotted as bonus shares	226,000	-	(226,000)	-
Cancellation of bonus shares	(226,000)	-	226,000	-
At 31 March 2022	1	1,989	177,884	179,874

## Notes to the Consolidated Financial Statements

for the year ended 31 March 2023

### 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, Iwer 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 freehold studios, Pinewood Studios and Shepperton Studios, are set over 502 acres with approximately two million square feet of space in prime locations close to central London, which makes Pinewood an attractive choice for major film companies.

The Group has one reportable segment which comprises:

- rental activities at Pinewood Studios and Shepperton Studios including production accommodation, media hub and television studios;
- complementary activities such as post-production and ancillary studio services; and
- other activities such as international sales, marketing and customer support on behalf of third-party studios.

### 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 19, 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 reporting date.

#### **Basis of consolidation**

The Consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries up to 31 March 2023. All intragroup transactions, balances, income and expenses are eliminated in full on consolidation. All subsidiaries are consolidated for the financial year ending 31 March 2023 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 2023

**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 3<sup>rd</sup> 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.

**Government grants**

Government grants are accounted for under the accruals model. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in income in the period in which it becomes receivable. This includes the Government Coronavirus Job Retention Scheme applied in the prior year. The Group has not received grants relating to expenditure on non-current assets.

**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.

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**Notes to the Consolidated Financial Statements (continued)**  
for the year ended 31 March 2023**1 Accounting policies (continued)*****Interest receivable and payable***

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

***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.

## Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2023

### 1 Accounting policies (continued)

#### **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 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. Subsequent additions, disposals and depreciation have been recorded in line with Group accounting policies.

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.

## Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2023

### 1 Accounting policies (continued)

#### *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.

#### *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 2023

**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.

***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. 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.

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.

## Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2023

### 1 Accounting policies (continued)

#### 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 £9.8 million (2022: £8.0 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 remaining total net book value of this capitalised cost is £9.2 million (2022: £7.4 million).

In addition, the Group has also recognised liabilities within capital creditors for contingent and deferred payments for Property, plant and equipment amounting to £10.8 million (2022: £5.0 million). This amount has been capitalised as part of the cost of the related assets and is depreciated over the useful life of those assets. Of this amount, £4.0 million was settled at the amount provided during June 2023, with remaining amounts materially contractually agreed. Payment of the remaining amounts is expected by the end of calendar year 2023.

The commitments of the Group under these agreements may be revised as the development projects progress, and further revisions to estimates may be made, leading to changes in provisions and capitalised cost. However, because the Group has no unprovided obligations in respect of the agreements at the reporting date, no further liability is recognised.

## Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2023

### 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 £862.4 million at 31 March 2023 (2022: £517.4 million). Accumulated depreciation is £104.8 million (2022: £97.3 million) and the charge for the period is £10.4 million (FY22: £10.3 million). If the average useful economic life of the assets was reduced by 15% the charge would increase by £1.8 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 Turnover and segment information

The Group identifies its operating segments based on a combination of factors, including the nature and type of service provided and differences in regulatory environment. Operating segments are aggregated where there is a high degree of consistency across these factors, and the segments have similar economic characteristics. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Group has only one reportable segment involving the provision of studio and related services to the film, television and wider creative industries. All turnover, expenses, corporate activities and non-current assets can be assigned to this segment and no additional segment analysis is disclosed.

#### **Turnover by geographical region**

Turnover continues to arise predominantly in the United Kingdom, being the Group's primary country of domicile, with turnover from the Group's international activity representing 1.3% (2022: 1.2%).

	2023	2022
	£'000	£'000
United Kingdom	118,986	101,650
North America	1,231	1,020
Rest of the World	289	256
	<b>120,506</b>	<b>102,926</b>

#### **Non-current assets by geographical region**

The Group holds no material non-current assets outside the UK.

#### **Turnover by major customer**

In the year to 31 March 2023, two customers, including their subsidiaries, contributed £90.9 million to Group turnover. In the prior year, two customers, including their subsidiaries, contributed £84.1 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 2023

**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.

	2023	2022
Expense/(income)	£'000	£'000
Other operating expenses:		
Long-term incentive plan	8,179	-
<b>Other operating expenses within adjusted items</b>	<b>8,179</b>	<b>-</b>
Tax credit on adjusted items	(1,554)	-
<b>Adjusted items per statement of comprehensive income</b>	<b>6,625</b>	<b>-</b>

During the 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 £8.2 million, with associated tax credits of £1.6 million. This has been presented as an adjusted item as the incentive plan is considered unusual in size, and is therefore of limited predictive value. The incentive plan is expected to give rise to further adjusted charges over its life to 2025.

**4 Operating profit**

	2023	2022
Operating profit is stated after charging/(crediting):	£'000	£'000
Depreciation of property, plant and equipment	10,407	10,257
Loss on disposal of property, plant and equipment	58	75
Operating lease payments	1,933	1,271
Profit on disposal of investments	-	(141)
Net Government grants (received)/returned	(8)	470
Amortisation of software	392	386
Amortisation of goodwill	560	560
Net foreign exchange losses	31	7

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.

Government grants returned in the year to 31 March 2022 relate to the UK's Coronavirus Job Retention Scheme. The Board made the decision to repay those amounts received in relation to retained employees in the light of the positive result achieved in the previous year.



**Notes to the Consolidated Financial Statements (continued)**  
for the year ended 31 March 2023

**5 Auditor's remuneration**

	2023	2022
	£'000	£'000
<b>The analysis of auditor's remuneration is as follows:</b>		
Fees payable to Group's auditor for the audit of Parent Company and Consolidated Financial Statements	67	53
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries	169	150
<b>Total audit fees</b>	<b>236</b>	<b>203</b>
Fees payable to the Group's auditor and its associates for other services:		
Tax services	64	15
Other assurance services	420	221
<b>Total fees for other services</b>	<b>484</b>	<b>236</b>
<b>Total fees</b>	<b>720</b>	<b>439</b>

**6 Staff costs and numbers**

	2023	2022
	£'000	£'000
<b>Staff costs including Directors</b>		
Salaries	10,089	8,676
Social security costs	1,213	1,004
Pension costs	753	672
Other employee benefits	436	357
	<b>12,491</b>	<b>10,709</b>

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.

	2023	2022
<b>Average monthly number of employees including Executive Directors</b>		
Management and Executive	9	8
Operational	108	95
Administration	45	47
Technical <sup>1</sup>	45	36
Sales	8	8
	<b>215</b>	<b>194</b>

<sup>1</sup> Technical includes staff in technical roles within TV and Post-Production.

**Notes to the Consolidated Financial Statements (continued)**  
for the year ended 31 March 2023

**7 Directors' emoluments**

	2023	2022
	£'000	£'000
Salaries	613	582
Pension costs	4	20
Other employee benefits	11	11
Long Term Incentive Plan	3,077	-
	<b>3,705</b>	<b>613</b>

As at 31 March 2023 the number of Directors to whom retirement benefits were accruing under defined contribution schemes was 1 (as at 31 March 2022: 1). The emoluments of the highest paid Director were £2,420,000 (2022: £357,000); pensions contributions were £4,000 (2022: £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.

Amounts paid to third parties in relation to Directors services in the period are £0.3 million (2022: £0.3 million).

**8 Interest receivable and similar income**

	2023	2022
	£'000	£'000
<i>On financial assets measured at amortised cost:</i>		
Interest receivable from joint ventures and associates	339	314
Interest receivable on loan due from parent undertaking	11,080	11,080
Bank interest receivable	3,814	384
Other interest receivable	44	111
	<b>15,277</b>	<b>11,889</b>
<i>On financial instruments measured at fair value:</i>		
Gains on derivative financial instruments (including interest accruals)	1,128	1,214
	<b>16,405</b>	<b>13,103</b>

**9 Interest payable and similar charges**

	2023	2022
	£'000	£'000
<i>On financial instruments measured at amortised cost:</i>		
Senior Secured Notes	36,145	28,515
<i>On other instruments:</i>		
Other interest	633	485
	<b>36,778</b>	<b>29,000</b>

**Notes to the Consolidated Financial Statements (continued)**  
for the year ended 31 March 2023

**10 Tax**

	2023	2022
	£'000	£'000
<b>(a) Analysis of charge for the year:</b>		
<i>Current tax:</i>		
UK corporation tax charge	60	6,037
Amounts payable for group tax relief	-	2,096
Foreign income tax	21	37
Foreign tax suffered	104	68
Double taxation credit	(57)	(46)
Amounts over provided in previous years	(484)	(140)
	(356)	8,052
<i>Deferred tax:</i>		
Relating to origination and reversal of timing differences	7,692	420
Effect of change in deferred tax rates	-	1,186
Amounts under provided in previous years	599	112
	8,291	1,718
<b>Tax charge in the Group statement of comprehensive income</b>	<b>7,935</b>	<b>9,770</b>
<i>The tax charge in the Group statement of comprehensive income comprises:</i>		
Tax on profit before adjusted items	9,374	9,798
Amounts under/(over) provided in previous years before adjusted items	115	(28)
Tax benefit of adjusted items	(1,554)	-
<b>Tax charge in the Group statement of comprehensive income</b>	<b>7,935</b>	<b>9,770</b>

**Notes to the Consolidated Financial Statements (continued)**  
for the year ended 31 March 2023

**10 Tax (continued)**

	2023	2022
	£'000	£'000
<b>(b) Factors affecting taxation for the year:</b>		
<b>Profit before tax</b>	<b>36,073</b>	<b>41,115</b>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2022: 19%)	6,854	7,812
<i>Adjustments in respect of:</i>		
Current tax over provided in previous years	(484)	(140)
Deferred tax under provided in previous years	599	112
Capital allowances super-deduction	(1,166)	-
Non-allowable depreciation on buildings	749	789
Amortisation of goodwill	106	106
Non-taxable income	-	(27)
Income from associate	(705)	(371)
Other non-allowable expenses	82	161
Double taxation relief	(57)	(46)
Overseas tax at different rates	110	89
Group tax relief	-	(2,096)
Amounts payable for group tax relief	-	2,096
Effect of change in deferred tax rate on opening balance	-	1,186
Effect of taxation rate change on provision for deferred tax	1,847	99
	<b>7,935</b>	<b>9,770</b>

	2023	2022
	£'000	£'000
<b>(c) Deferred tax</b>		
<b>Deferred tax relates to the following</b>		
<i>Group statement of comprehensive income:</i>		
Accelerated capital allowances	14,019	1,654
Short-term timing differences	(182)	-
Tax losses	(5,531)	-
Fair value adjustments arising on acquisitions	(15)	64
	<b>8,291</b>	<b>1,718</b>

	At 1 April 2022	Charged/ (credited) to profit or loss	Currency exchange	At 31 March 2023
	£'000	£'000	£'000	£'000
<b>Group statement of financial position</b>				
Accelerated capital allowances	5,145	14,019	-	19,164
Short-term timing differences	(3)	(182)	(1)	(186)
Deferred tax asset relating to tax losses	-	(5,531)	-	(5,531)
Fair value adjustments arising on acquisitions	345	(15)	-	330
<b>Net deferred tax liability</b>	<b>5,487</b>	<b>8,291</b>	<b>(1)</b>	<b>13,777</b>

## Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2023

### 10 Tax (continued)

The Group anticipates that due to accelerated capital allowances exceeding depreciation in the next reporting period, in addition to the forecast utilisation of brought forward losses, the net reversal of deferred tax liabilities in the year ending 31 March 2024 will be nil.

The main rate of UK corporation tax in the year was 19%. 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

	2023	2022
	£'000	£'000
Equity	5,663	1,953
Loan notes	4,494	4,155
<b>Total investment in associates</b>	<b>10,157</b>	<b>6,108</b>

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

	2023	2022
	£'000	£'000
At beginning of year	1,953	-
Share of profit	3,710	1,953
<b>Total equity investment in associates</b>	<b>5,663</b>	<b>1,953</b>

At 31 March 2023, 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 2025. 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 2023

**12 Intangible assets**

	Software £'000	Goodwill £'000	Total £'000
<b>Cost</b>			
At 1 April 2022	4,007	5,604	9,611
Additions	79	-	79
<b>At 31 March 2023</b>	<b>4,086</b>	<b>5,604</b>	<b>9,690</b>
<b>Amortisation</b>			
At 1 April 2022	799	3,923	4,722
Provided during the year	392	560	952
<b>At 31 March 2023</b>	<b>1,191</b>	<b>4,483</b>	<b>5,674</b>
<b>Net book value</b>			
<b>At 31 March 2023</b>	<b>2,895</b>	<b>1,121</b>	<b>4,016</b>
<b>At 31 March 2022</b>	<b>3,208</b>	<b>1,681</b>	<b>4,889</b>

Software assets principally relate to the Group's finance and procurement management system, which has a remaining life of 7 years.

Goodwill has been acquired through business combinations and has been allocated to a single group 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 2023

**13 Property, plant and equipment**

	Freehold land and buildings £'000	Fixtures, fittings and equipment £'000	Assets under construction £'000	Total £'000
<b>Cost</b>				
At 1 April 2022	357,163	37,764	122,472	517,399
Additions	17,181	2,935	327,904	348,020
Reclassification	54,562	388	(54,950)	-
Disposals	(61)	(2,991)	-	(3,052)
<b>At 31 March 2023</b>	<b>428,845</b>	<b>38,096</b>	<b>395,426</b>	<b>862,367</b>
<b>Depreciation</b>				
At 1 April 2022	70,359	26,990	-	97,349
Provided during the year	8,107	2,300	-	10,407
Disposals	(43)	(2,951)	-	(2,994)
<b>At 31 March 2023</b>	<b>78,423</b>	<b>26,339</b>	<b>-</b>	<b>104,762</b>
<b>Net book value</b>				
<b>At 31 March 2023</b>	<b>350,422</b>	<b>11,757</b>	<b>395,426</b>	<b>757,605</b>
At 31 March 2022	286,804	10,774	122,472	420,050

As at 31 March 2023, 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.

The Group's long-term loans are secured by a floating charge over the Group's assets.

**14 Trade and other receivables**

	2023 £'000	2022 £'000
<b>Amount falling due within one year:</b>		
Trade receivables	4,726	2,667
Prepayments and other receivables	12,997	17,641
Income tax receivable	492	287
Value added tax	12,031	6,878
	<b>30,246</b>	<b>27,473</b>
<b>Amount falling due after more than one year:</b>		
Loans due from parent undertakings	350,893	339,813
	<b>350,893</b>	<b>339,813</b>
	<b>381,139</b>	<b>367,286</b>

Amounts due from the parent company are due for repayment in September 2025 and bear interest at 3.55%. During April 2023 £125.0 million of this balance was repaid. See Note 25.

**Notes to the Consolidated Financial Statements (continued)**  
for the year ended 31 March 2023

**15 Deposits**

	2023	2022
	£'000	£'000
Deposits	-	40,017

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

**16 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. In the prior year, the balance also included funds reserved solely for use in specific Media Investment Film production company operations. These operations have now ceased, and cash balances were repaid during the year.

	2023	2022
	£'000	£'000
Cash available for general use	250,484	482,703
Restricted cash and cash equivalents	1,688	1,755
	<b>252,172</b>	<b>484,458</b>

**17 Share capital**

	2023	2022
	£'000	£'000
1,000 Ordinary shares of £1 each (2022: 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.

**18 Reserves**

**Translation reserve**

The translation reserve represents the cumulative foreign currency impact of the translation of operations with a functional currency other than sterling, and related funding balances, in line with the Group's foreign currency accounting policy.

**Retained earnings**

Retained earnings represents cumulative profit and loss net of distributions to owners.



## Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2023

### 19 Interest-bearing loans and borrowings

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

		2023	2022
	Maturity	£'000	£'000
<b>Non-current:</b>			
Revolving credit facility	March 2025/May 2027	-	-
3.25% Senior Secured Notes	September 2025	748,571	748,058
3.625% Senior Secured Notes	November 2027	297,881	297,481
Non-current drawn loan facilities		1,046,452	1,045,539
<b>Current:</b>			
Senior Secured Notes interest accruals		4,052	3,564
Current drawn loan facilities		4,052	3,564
<b>Total interest-bearing loans and borrowings</b>		<b>1,050,504</b>	<b>1,049,103</b>

If drawn, the revolving credit facility bears interest at SONIA plus a variable margin.

The revolving credit facility comprises an initial facility of £15.0 million expiring in March 2025, with a further £60.0 million expiring in May 2027.

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.

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.

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

**Notes to the Consolidated Financial Statements (continued)**

for the year ended 31 March 2023

**19 Interest-bearing loans and borrowings (continued)**

The contractual maturity dates of the principal amounts of the Group's facilities are shown below.

<b>At 31 March 2023</b>	<b>Within 1 year £'000</b>	<b>1 – 5 years £'000</b>	<b>5+ years £'000</b>	<b>Total £'000</b>
<b>Facilities:</b>				
Revolving credit facility	-	75,000	-	75,000
Senior Secured Notes	-	1,050,000	-	1,050,000
<b>Total facilities</b>	<b>-</b>	<b>1,125,000</b>	<b>-</b>	<b>1,125,000</b>
<b>Drawn loans:</b>				
Revolving credit facility	-	-	-	-
Senior Secured Notes	-	(1,050,000)	-	(1,050,000)
<b>Total drawn loans</b>	<b>-</b>	<b>(1,050,000)</b>	<b>-</b>	<b>(1,050,000)</b>
<b>Undrawn facilities:</b>				
Revolving credit facility	-	75,000	-	75,000
Senior Secured Notes	-	-	-	-
<b>Undrawn committed facilities</b>	<b>-</b>	<b>75,000</b>	<b>-</b>	<b>75,000</b>
<b>At 31 March 2022</b>	<b>Within 1 year £'000</b>	<b>1 – 5 years £'000</b>	<b>5+ years £'000</b>	<b>Total £'000</b>
<b>Facilities:</b>				
Revolving credit facility	-	15,000	60,000	75,000
Senior Secured Notes	-	750,000	300,000	1,050,000
<b>Total facilities</b>	<b>-</b>	<b>765,000</b>	<b>360,000</b>	<b>1,125,000</b>
<b>Drawn loans:</b>				
Revolving credit facility	-	-	-	-
Senior Secured Notes	-	(750,000)	(300,000)	(1,050,000)
<b>Total drawn loans</b>	<b>-</b>	<b>(750,000)</b>	<b>(300,000)</b>	<b>(1,050,000)</b>
<b>Undrawn facilities:</b>				
Revolving credit facility	-	15,000	60,000	75,000
Senior Secured Notes	-	-	-	-
<b>Undrawn committed facilities</b>	<b>-</b>	<b>15,000</b>	<b>60,000</b>	<b>75,000</b>

## Notes to the Consolidated Financial Statements (continued)

for the year ended 31 March 2023

### 20 Derivative financial instruments

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

	2023	2022
	£'000	£'000
<b>Financial assets/(liabilities) carried at fair value:</b>		
Non-current derivative financial instrument assets	1,258	8
Current derivative financial instrument liabilities	-	(125)

#### 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	2023	2022
		£'000	£'000
2.00% + variable margin	April 2025	25,000	25,000
2.16% + variable margin	April 2022	-	25,000
		25,000	50,000

Fair value movements on interest rate swaps are recognised in the statement of comprehensive income within interest payable and receivable. Interest payments due on the swaps settle in cash on a quarterly basis. The fair value of the swaps is determined by reference to market interest rate curves.

### 21 Trade and other payables

	2023	2022
	£'000	£'000
Trade payables	9,190	5,268
Other payables	464	550
Income tax payable	-	145
Accruals and deferred income	64,915	43,691
Amounts due to parent company	6,410	9,810
Capital expenditure related payables	53,033	28,809
	134,012	88,273

Amounts due to the parent company are interest free and have no fixed repayment terms.

No fixed security has been given in respect of any of the items listed above, although as described in Note 16 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 16 for details of amounts held. See Note 1 for further discussion of Section 106 liabilities.

At 31 March 2023, the Group had total capital commitments contracted for, but not provided in the financial statements, of £119.5 million (2022: £369.1 million) in respect of Property, plant and equipment largely arising from the expansion of Shepperton Studios.

**Notes to the Consolidated Financial Statements (continued)**  
for the year ended 31 March 2023

**22 Obligations under leases**

***Operating leases as lessee***

Future minimum rentals payable on the Group's non-cancellable operating leases as at 31 March 2023 and 31 March 2022 are as follows:

	2023	2022
	£'000	£'000
Within one year	393	402
After one year but not more than five years	97	335
	490	737

***Operating leases as lessor***

Future minimum rentals receivable under non-cancellable operating leases as at 31 March 2023 and 31 March 2022 are as follows:

	2023	2022
	£'000	£'000
Within one year	93,420	79,134
After one year but not more than five years	362,079	306,403
More than five years	227,157	265,638
	682,656	651,175

**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.

	2023	2022
	£'000	£'000
Sales to associates	2,288	2,090
Purchases from associates	242	295
Amounts owed by/(owed to) associates	27	(1)

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 2023

**24 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.

**25 Events after the reporting date**

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

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

Including transaction costs, settlement of the acquirees' existing debt and fulfilment of near-term capex requirements of the acquiree as part of the acquisition, the total cash used in the acquisition is expected to be c.C\$445.0 million, subject to working capital adjustments.

The acquisition was financed through a C\$175.0 million floating rate loan facility, with the remainder provided from the Group's cash reserves. Prior to the acquisition, Pinewood Group Limited's parent entity, Picture Holdco Limited, partially settled its loan from the Group, giving rise to a cash inflow of £125.0 million.

In order to mitigate interest rate risk associated with the floating rate loan used to finance the acquisition, the Group entered into a floating/fixed interest rate swap for the life of the loan. The loan is secured on certain assets of the acquirees, and is guaranteed up to C\$180.0 million by Pinewood Group Limited. The loan matures in April 2028.

**Parent Company Statement of Financial Position**  
as at 31 March 2023

	Note	2023 £'000	2022 £'000
<b>Assets</b>			
<i>Non-current assets</i>			
Investments	5	123,292	123,292
Intangible assets	4	2,881	3,208
Derivative financial instruments	9	1,258	8
Trade and other receivables	6	777,209	561,191
Deferred tax assets		5,732	
		910,372	687,699
<i>Current assets</i>			
Trade and other receivables	6	4,596	1,145
Deposits		-	40,017
Cash and cash equivalents		240,832	463,414
		245,428	504,576
<b>Total assets</b>		<b>1,155,800</b>	<b>1,192,275</b>
<b>Equity and liabilities</b>			
Share capital	7	1	1
Translation reserve		1,821	1,821
Retained earnings		92,370	117,840
<b>Total equity</b>		<b>94,192</b>	<b>119,662</b>
<i>Non-current liabilities</i>			
Interest-bearing loans and borrowings	8	1,046,389	1,045,477
		1,046,389	1,045,477
<i>Current liabilities</i>			
Interest-bearing loans and borrowings	8	4,220	3,692
Derivative financial instruments	9	-	125
Trade and other payables	10	10,999	23,319
		15,219	27,136
<b>Total liabilities</b>		<b>1,061,608</b>	<b>1,072,613</b>
<b>Total equity and liabilities</b>		<b>1,155,800</b>	<b>1,192,275</b>

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 £25.5 million (FY22: £126.8 million profit).

The notes on pages 55 to 62 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 13 June 2023. They were signed on its behalf by:



**Barbara Inskip**  
Director

**Parent Company Statement of Changes in Equity**  
for the year ended 31 March 2023

	Share capital £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
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
At 01 April 2021	1	2,335	(8,908)	(6,572)
Profit for the year	-	-	126,782	126,782
Currency exchange differences	-	(548)	-	(548)
Total comprehensive (loss)/income for the year	-	(548)	126,782	126,234
Transfer in respect of dissolved foreign entities	-	34	(34)	-
Shares issued and allotted as bonus shares	226,000	-	(226,000)	-
Cancellation of bonus shares	(226,000)	-	226,000	-
At 31 March 2022	1	1,821	117,840	119,662

## Notes to the Parent Company Financial Statements

for the year ended 31 March 2023

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, Iwer 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.

The financial statements of the Company are consolidated in the Group financial statements on pages 26 to 51.

#### **Going concern**

As set out in the Strategic Report on page 19, 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 pages 35 to 36. 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 2023

### 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 £426.4 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 £25.5 million (2022: £126.8 million profit).

### 3 Staff costs and numbers

	2023	2022
	£'000	£'000
<b>Staff costs including Directors</b>		
Salaries	1,430	992
Social security costs	197	127
Pension costs	6	21
Other employee benefits	8	8
	<b>1,641</b>	<b>1,148</b>
	2023	2022
<b>Average monthly number of employees including Executive Directors</b>		
Administration	3	3
Executive	1	1
	<b>4</b>	<b>4</b>

**Notes to the Parent Company Financial Statements (continued)**  
for the year ended 31 March 2023

**4 Intangible assets**

	<b>Software £'000</b>
<b>Cost</b>	
At 1 April 2022	4,007
Additions	65
<b>At 31 March 2023</b>	<b>4,072</b>
<b>Amortisation</b>	
At 1 April 2022	799
Provided during the year	392
<b>At 31 March 2023</b>	<b>1,191</b>
<b>Net book value</b>	
<b>At 31 March 2023</b>	<b>2,881</b>
<b>At 31 March 2022</b>	<b>3,208</b>

Software assets principally relate to the Group's finance and procurement management system, which has a remaining life of 7 years.

**Notes to the Parent Company Financial Statements (continued)**

for the year ended 31 March 2023

**5 Investments**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Cost and net book value at 31 March 2023 and 31 March 2022	<b>123,292</b>	<b>123,292</b>
Movement in Investments:		
At 1 April	123,292	33,006
Issue of shares by subsidiary	-	90,286
At 31 March	<b>123,292</b>	<b>123,292</b>

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 as follows:

<b>Company name</b>	<b>Principal activity</b>	<b>Country of incorporation</b>	<b>% equity interest</b>
Pinewood-Shepperton Studios Limited <sup>1</sup>	Holding company	United Kingdom	100%
Pinewood PSB Limited <sup>1</sup>	Film studio services	United Kingdom	100%
Pinewood Film Advisors Limited <sup>1</sup>	Film investment advice	United Kingdom	100%
Pinewood Film Advisors (W) Limited <sup>1</sup>	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. <sup>2</sup>	Film services	USA	100%
Pinewood Film Production Studios Canada Inc.	Film services	Canada	100%
Pinewood Canada Inc.	Holding company	Canada	100%
Pinewood Toronto Studios Inc. <sup>3</sup>	Film studio services	Canada	100%
Pinewood Toronto Development Inc.	Property development	Canada	100%
Pinewood Films Limited	Film investment	United Kingdom	100%
Pinewood Finco PLC <sup>1</sup>	Financial services	United Kingdom	100%

<sup>1</sup> Directly held.

<sup>2</sup> The reporting date of Pinewood USA Inc. is 31 December.

<sup>3</sup> As referenced in Note 25 of the Consolidated Financial Statements, during 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 2023

**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.

**Audit exemption**

Pinewood Group Limited has given statutory guarantees against all the outstanding liabilities of the below listed wholly-owned subsidiaries at 31 March 2023 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 2023.

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 2023 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 2023

**6 Trade and other receivables**

	2023	2022
	£'000	£'000
<i>Amount falling due within one year:</i>		
Prepayments and other receivables	4,596	1,145
	4,596	1,145
<i>Amount falling due after more than one year:</i>		
Loans due from parent undertakings	350,893	339,813
Amounts due from subsidiary undertakings	426,316	221,378
	777,209	561,191
	781,805	562,336

Amounts due from subsidiary undertakings are repayable on demand and non-interest-bearing (2022: non-interest-bearing). These amounts 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% (2022: 3.55%). During April 2023 £125.0 million of this balance was repaid. See Note 25 in the Consolidated Financial Statements.

**7 Share capital**

	2023	2022
	£'000	£'000
1,000 Ordinary shares of £1 each (2022: 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	2023	2022
		£'000	£'000
<i>Non-current</i>			
Loans from subsidiary undertaking	September 2025	748,512	747,998
	November 2027	297,877	297,479
Non-current drawn loan facilities		1,046,389	1,045,477
<i>Current</i>			
Loans from subsidiary undertaking interest accruals		4,220	3,692
Current drawn loan facilities		4,220	3,692
<b>Total interest-bearing loans and borrowings</b>		<b>1,050,609</b>	<b>1,049,169</b>

## Notes to the Parent Company Financial Statements (continued)

for the year ended 31 March 2023

### 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 2027 under a new indenture. As a result, the Company and Finco entered into a loan agreement for a principal amount and term mirroring this new indenture.

As at 31 March 2023 and 2022, the loan agreement between Finco and the Company is for a total principal of £1,050 million, consisting of £750.0 million due September 2025, which bears interest at 3.25% plus a margin of 0.15% per annum, and a further £300.0 million due November 2027, which bears interest at 3.625% 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

	2023 £'000	2022 £'000
Other creditors	4,547	1,415
Amounts due to parent undertaking	6,410	9,810
Amounts due to subsidiary undertakings	42	12,094
	10,999	23,319

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 2023

**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 2022. 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 the relevant subsidiaries for the year ended 31 March 2023.

<b>Company name</b>	<b>Expiration date of financial support</b>
Pinewood Studios Limited	14 December 2023
Shepperton Studios Limited	14 December 2023
Pinewood Film Advisors (W) Limited	14 December 2023
Pinewood Film Advisors Limited	14 December 2023
Pinewood PSB Limited	14 December 2023
Pinewood South Limited	14 December 2023
Pinewood-Shepperton Studios Limited	14 December 2023

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 2023 was £1,050,000,000 (2022: £1,050,125,000). See Note 25 of the Consolidated Financial Statements for details of guarantees provided after the reporting date.

**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**

As part of the acquisition of the Pinewood Toronto Studios group of companies in May 2023 as described in Note 25 to the Consolidated Financial Statements, the Company's parent entity, Picture Holdco Limited, partially settled its loan from the Group, giving rise to a cash inflow of £125.0 million. The Company subsequently applied for share capital issued by its subsidiary entity, Pinewood-Shepperton Studios Limited for total consideration of £151.0 million.