

2 May 2023

Facilities by ADF plc

("Facilities by ADF", "ADF", the "Company" and together with its subsidiaries the "Group")

Final results for the year ended 31 December 2022

Facilities by ADF, the leading provider of premium serviced production facilities to the UK film and high-end television industry ("HETV"), is pleased to announce its audited final results for the year ended 31 December 2022.

Financial highlights

£M's	31 Dec 2022	31 Dec 2021	31 Dec 2020
Group revenue	31.4	27.8	8.0
*Adjusted EBITDA	8.0	7.7	0.8
*Adjusted EBITDA %	25%	28%	10%
Profit/(loss) before tax	4.6	2.8	(0.5)
Earnings per share	6.1p	3.2p	(0.1)p

Operational highlights

- ADF supported 76 productions (FY21 39 productions), including The Crown season 5, Slow Horses, Everything I know about Love, The Sandman, Sex Education and Happy Valley.
- H1-FY22 saw a larger number of shorter productions more geographically spread than in H2-FY22, resulting in additional budgeted transport costs but H2 productions were larger and more clustered around London resulting in improved margins. The Group generated an average revenue value of £386k per production.
- £15m was raised for expansion capital at IPO (January 2022) and to date £9.2m has been invested in new revenue generating vehicles. During FY22, ADF added 136 vehicle units, bringing the total vehicle fleet to 632 by year end.
- Successfully acquired Location One, the UK's largest integrated TV and film location service and equipment hire company, providing expanded growth opportunities across the UK and bringing highly complementary services to ADF.
- ADF opened a new office at Pioneer Films studio in Scotland; and doubled capacity at its Bridgend manufacturing facility, expanded ADF's UK geographical reach.
- ADF opened its new flagship five-acre operational hub at Longcross, Surrey which is perfectly located to serve several major studios.
- A final dividend of 0.90 pence per share, reflecting the Group's strong cash position and confidence in trading, is proposed to be paid (subject to shareholder approval at the 2023 AGM) on 30 June 2023 to shareholders who are on the register at the close of business on 16 June 2023.

Outlook

- Underlying market drivers continue to provide confidence that the demand for ADF's services will continue to expand for the foreseeable future.
- The Group remains committed to growth and will continue to review further acquisition opportunities in line with its strategy.
- Healthy underlying growth of the newly enlarged Group provides the management team with confidence to invest further in its people and service offerings, while continuing to manage the impacts of inflationary environment presently faced.
- The FY23 order book is strong, indicating a continuation of the H2-FY22 profile, with larger productions generating higher revenue per job. The Group is presently taking orders for Q1 and Q2 FY24 providing strong levels of revenue visibility for the year.

- Trading in the current year is in line with expectations and management is confident in delivering FY23 financial results in line with current market expectations¹.

Commenting on the results, Marsden Proctor, CEO, said:

“Our first full year as a listed business has been one of operational and financial success, and I am incredibly proud of what the ADF team has achieved in the current difficult economic backdrop. We have continued to successfully execute our growth strategy through continued investment in our revenue generating fleet, the acquisition of Location One, and through our geographic expansion across the UK.

“Following a strong end to FY22, we have continued to trade positively in the new financial year, with an expanding order book and considerable momentum across the whole business. We have a growing addressable market, an expanding network of contacts and a high-quality business model driving growth in Group revenue. Alongside positive market drivers, where demand for film and HETV in the UK continues to accelerate, I am confident in the Group’s ability to deliver on its strategy and plans in FY23.”

1. Current market expectations are revenue of £47.6 million and adjusted EBITDA of £12.3 million.

This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company take responsibility for this announcement.

For further enquiries:

Facilities by ADF plc

Marsden Proctor, Chief Executive Officer
Neil Evans, Chief Financial Officer
John Richards, Chairman

via Alma PR

Cenkos (Nominated Adviser and Broker)

Ben Jaynes / Max Gould / George Lawson – Corporate Finance
Alex Pollen – Sales

Tel: +44 (0)20 7397 8900

Alma PR (Financial PR)

Josh Royston
Hannah Campbell

Tel: +44 (0)20 3405 0205
facilitiesbyadf@almapr.co.uk

OVERVIEW OF FACILITIES BY ADF Group

Facilities by ADF plc is the leading provider of premium serviced production facilities to the UK film and high-end television industry (“HETV”). Its production fleet is made up of over 600 premium mobile make-up, costume and artiste trailers, production offices, mobile bathrooms (known as honey wagons), diners, school rooms and technical vehicles. The Group provides these production facilities and additional services after a planning process with its customers held in advance of filming. In servicing productions, ADF staff are available on site and each production is allocated an account manager who acts as a single lead point of contact during filming.

In December 2022, ADF acquired Location One Ltd, the UK’s largest integrated TV and film location service and equipment hire company, bringing highly complementary services and providing cross selling opportunities to the enlarged Group, as well as delivering efficiencies through central services.

The Group serves customers in an industry that has experienced significant growth in recent years, with additional demand driven by a material rise in the consumption of film and HETV content via

streaming platforms such as Netflix, Disney, Apple and Amazon Prime. The UK film and TV industry has directly benefited during this growth due to the quality of its production facilities and studios, highly skilled domestic workforce, geography, accessibility to Europe, English language environment and strong governmental support. Major US streaming companies have now set up permanent bases in the UK, with the UK now Netflix's third largest operation after the USA and Canada.

Chairman's statement

Overview

Facilities by ADF PLC (Hereinafter referred to as ADF) has delivered another year of solid growth, fuelled by high levels of fleet utilisation, an increased number of larger productions in H2-FY22, and the successful acquisition of Location One, to strengthen the Group's position as the leading provider of premium serviced production facilities to the UK film and HETV industry.

The Group's strong financial performance during our first full year as a listed business is evident by the revenue growth of 13% to £31.4m (FY21 £27.7m) and adjusted EBITDA growth to £8.0m (FY21 £7.7m) reflecting the continued positive momentum across the business in H2-FY22.

Despite the current macro-economic environment, demand for our products remain strong as the UK's film and HETV market continues to accelerate through studio space expansion and inward investment from global production companies. As a result, the Group's order book remains strong as we continue to find ourselves at the forefront of increasing competition for subscribers amongst the leading global streaming companies.

Strategy

The Group has ambitions to grow our revenue to over £100 million and we intend do this through organic means by investing in revenue generating fleet equipment, as well as inorganically through appropriate acquisitions and I am pleased to report that Location One represented ADF's first successful acquisition in delivering this strategy.

Location One is the UK's largest integrated TV and film location service and equipment hire company. Its integration is progressing as planned and is performing in line with the Board's expectations. The acquisition will enable further expansion across the UK and brings highly complementary services to ADF which provide a wealth of cross selling opportunities to the enlarged Group, as well as deliver efficiencies through central services. As a Board, we believe this is a significant step in becoming the premium one-stop-shop for film and HETV.

Having raised £15.0m at IPO in January 2022, to date we have invested £9.2m in new revenue generating fleet, £4.0m of which was spent on Hire Purchase assets and invested an initial cash consideration of £4.4m for the acquisition of Location One in November 2022. Going forward, the Group will continue to invest wisely seeking to meet customer demand and drive further business growth.

Market opportunity

UK market growth continues to be buoyed by a highly skilled workforce, strong Government support, a long history of film and TV production, favourable tax treatment and the unprecedented levels of investment in UK studio space and content, which bodes well for the Group's future growth ambitions. HETV has been in the vanguard of this growth and ADF has been and continues to be well positioned to capitalise on this opportunity.

Apple at Aylesbury, Disney at Pinewood, Netflix at Shepperton and Longcross, and Sky at Elstree, along with many others, have added significant additional capacity to UK film and HETV production capacity. The Group's five-acre hub at Longcross became fully operational in Q4 FY22. This new site is perfectly located to serve all these production sites. The Group also opened a new office in Glasgow, set in Pioneer Film Studios' campus, Scotland's newest and largest film studio. The office was opened to capitalise on the growing market as global production companies are increasingly choosing Scotland for its natural landscapes and to utilise its strong creative sector.

People

We have continued to invest in the expansion of our senior leadership team to ensure we have the depth and breadth of management to deliver our growth strategy and have been encouraged by the immediate positive contribution that the new team members have made.

In May 2022, we appointed Alexandra Innes to the Board as an independent Non-Executive Director. Following a career in banking, Alexandra has already proven to be a valuable addition to our Board as we seek to drive the business forward in its next phase of growth.

In the current macro-economic environment, our priority continues to be the wellbeing of our teams around the UK, providing them with the best environment to continue to deliver the high-quality service that our customers expect of ADF. On behalf of the Board, I would like to take this opportunity to thank all members of staff for their dedication and commitment to making Facilities by ADF what it is today.

ESG

Like many businesses, Facilities by ADF is committed to activities that have a positive impact on our employees and society, and we aim to reduce our environmental impact through collaborating with stakeholders towards a low carbon production industry. As a Board, we are proud to have been the first facilities provider in Europe that is approved by Albert, the authority on environmental sustainability for the film and television industry, which is a clear endorsement of the Group's ESG strategy. Being approved by Albert is becoming ever more important as studios will only allow approved vehicles on site. Location One is also an approved Albert supplier and on a journey to net-zero with impressive sustainability credentials.

As we embark upon a journey to ultimately become a carbon-neutral operator in the future, we have partnered with Creative Zero, a sustainability organisation, to undergo a carbon audit to better understand our impact on the environment. We are also working with our clients and suppliers to reduce the footprint of our operations, helping to deliver an environmentally sustainable media industry.

Working with Creative Zero, we aim to report against SECR guidelines. Facilities by ADF and Location One's footprints are currently separate with no shared energy usage and emissions across the organisations, but there is a real opportunity to reduce carbon emissions across the Group in an integrated way. These opportunities will be maximised moving forward and the carbon footprint and carbon reduction plan exercise that is underway will provide the data required for the SECR submission to be prepared by April 2024.

Post period end, we launched our first Employee Satisfaction Survey to measure and improve employee wellbeing. We are in the process of re-launching our Company Values and Mission Statement, to ensure our employees can reach their full potential. As part of this, we are launching a wellbeing policy to provide guidance and advice to staff on the support that is available, including support for financial wellbeing.

The Company already offers an Employee Assistance Programme via an external provider and has also invested in the training of three Mental Health First Aiders to support and signpost employees to professional assistance if required.

In addition to wellbeing, the health & safety (H&S) of our staff as well as our customers and contractors, is a key focus for ADF. We have an established H&S framework and resources in place to ensure that the conduct of the business ensures the lowest level of risk. The Group has a full-time H&S Coordinator, reporting to the CFO, who in turn reports H&S matters to the Board. Detailed accident reporting is maintained, all incidents are investigated, and procedures changed where necessary.

The Company appointed Safety Forward, external H&S consultants and auditors, in 2022 to assist with the development of our H&S framework. Our 12-month plan outlines the key areas of focus for 2023 to include H&S structure, training and development, risk management, audit, and review.

We have worked on a number of projects with our production clients to improve the safety and accessibility on site. ADF joined forces with the TV Access Project (TAP), created to actively work

towards achieving a more inclusive television production sector for disabled talent. The TV Access Project is an alliance of 11 Broadcasters and Streamers led by the BBC and Channel 4 working alongside creative talent with disabilities in the industry to create sustainable change.

As a Board, we are dedicated to maintaining our strong corporate governance framework. Following our IPO, we have chosen to adopt the QCA Corporate Governance Code, which will help to inform the evolution of our governance approach in future. The appointments we have made to the Board are a clear demonstration of this commitment and we will continue to ensure this remains as we grow as a listed business.

Outlook

This year ADF has become a more robust business, with a greater ability to capture the growing opportunity within the UK Film and HETV industry, through investment in our vehicle fleet and the acquisition of Location One. We are successfully delivering against our growth strategy to move ADF closer to becoming a 'one-stop shop' for film and TV producers and we are excited about the opportunities that lay ahead.

The prospects for ADF are increasingly positive and we have entered FY23 in a very strong position with considerable momentum across the business, managing inflationary pressures, with trading in the first few months of the year in line with the Board's expectations. The supportive market dynamics, expanding partner network and proven offering, underpin the Board's confidence of delivering sustainable revenue growth and is confident in delivering FY23 financial results in line with current market expectations.

John Richards

Chairman of the Board

CEO review

Overview

I am incredibly proud of the successes achieved during our first full year as a listed business by our fantastic team, against a challenging economic backdrop. We made our first acquisition, expanded into Scotland and opened our new operational hub at Longcross, demonstrating our continuing delivery of our growth strategy. We experienced increased demand for our services, resulting in revenue growth of 13% year on year, and have continued to invest wisely in our business. The successes delivered during the year have moved the business closer to becoming a one-stop-shop for film and TV producers as we strengthen our position as the leading provider of premium serviced production facilities to the UK film and HETV industry.

Our progress in the year was supported by the acceleration of both the film & HETV markets, which was a record year for the industry, and we anticipate this growth will continue for a number of years in the future. We have seen a huge influx of investment in recent years, with additional demand driven by a rise in the consumption of film HETV content via global streaming platforms such as Apple TV+, Netflix, Disney +, Sky TV and Amazon Prime. The UK film and TV industry has directly benefited due to the quality of its production facilities and studios, a highly skilled domestic workforce, geography, accessibility to Europe, English language environment and strong governmental support and, ADF continues to be the provider of choice for many global production companies filming in the UK.

The prospects for ADF and its Group are increasingly positive and we have entered FY23 in a very strong position. We have a growing addressable market, an expanding network of contacts, an enhanced offering and a high-quality business model driving growth in Group revenue. These factors, coupled with a strong order book, underpin management's confidence in the long-term success of ADF.

Financial performance

The strong financial performance in the year reflects the ongoing demand for the Group's services. We raised £15m of growth capital at IPO (January 2022) and to date have invested £9.2m in new revenue generating vehicle fleet, £4m of which were spent on Hire Purchase assets. We expect capital expenditure to be at a similar level in FY23 as we look to keep up with demand and drive further growth.

In 2022, we achieved Group revenues of £31.4m (FY21 £27.7m) and adjusted EBITDA of £8.0m (FY21 £7.7m) with continued positive momentum across the business in H2-FY22. The distribution of productions in H1-FY22 saw a larger number of shorter productions more geographically spread than in H1-FY21 with a greater need for mobilisation of our vehicle fleet to service our jobs which caused a rise in our cost base, but as anticipated, we delivered the growth opportunities in H2-FY22 through larger productions with higher revenue per job. The larger productions were clustered around the main studios close to London, and as a result, the EBITDA margin for H2-FY22 was 28% compared with 21% in H1-FY22 (delivering 25% across the year).

Overall, from the 76 productions for FY22 (FY21 39 productions) the Group generated an average revenue value of £386k per production compared to £682K in FY21. The typical lead time for booking productions remains at seven months and our FY23 order book continues to be strongly populated.

Growing market opportunity in an expanding industry

We operate in an industry that has experienced significant growth and investment in recent years, underpinned by the success of HETV. The rise of global streaming platforms has culminated in a material increase in the consumption of films and HETV.

There continues to be an influx of inward investment and co-production spend in the UK, as we see the demand for content reaching record levels. The UK has become a major hub for international clients, with the UK being Netflix's third largest operation after the USA and Canada, which bodes well for our growth ambitions.

As part of the UK's Spring Budget in March 2023, the Chancellor of the Exchequer revealed that the Government is raising film and HEVT tax credits and keeping the qualifying threshold in place. This was a welcome move for the TV production community and clearly demonstrates Government's recognition of and commitment to the continued growth and success of the UK's film and HE-TV sector.

Recent studio projects in the UK include Stage Fifty's third studio. The UK-based studio operator & owner is building an eight stage 295,000sq ft studio in High Wycombe, Buckinghamshire. In the North, property developers CAPITAL&CENTRIC alongside Twickenham Studios are planning to build a major filming destination at the old Littlewoods headquarters in Liverpool. The £50m project will feature two new 20,000sq. ft sound stages, supporting workshops, prop storage and offices, and support over 2,000 industry jobs across the city.

In Q4 FY22, we opened our first office in Scotland, set at Pioneer Film Studios, the country's largest film studio, in response to the recent growth in the film and HETV market in the region. Films including Aftersun, 1917, My Old School and television shows such as Guilt, Good Omens and Vigil, have all originated or benefited from Scotland's production sector in recent years as global productions increasingly choose the country's natural landscape and utilisation of its strong creative sector. Screen Scotland has predicted that the value of the Scottish screen sector could reach £1 billion by 2030 provided that the current levels of investment, infrastructure and talent development remain maintained. As such, our new base at Pioneer will not only strengthen the Group's regional presence alongside global production companies, with the support of Pioneer Films Studio, ADF will also be able to capitalise on the growing activity in one of the largest emerging markets within the UK Film and TV industry. I am also pleased to share that Location One has also now opened a branch at the studio alongside ADF to enable the enlarged group to offer its complementary services to the range of productions scheduled to be filmed at Pioneer.

In terms of the overall performance of film and TV production in the UK, the British Film Institute ("BFI") recently reported for the year ended 31 December 2022 that the combined total spend on film and HETV production in the UK for 2022 was £6.27 billion from 415 productions. This is the highest combined film and HETV spend reported for a year. The statistics which are reported on further in the financial review, demonstrate the strength and ongoing resilience of the UK's screen sectors, reinforcing the industry's globally recognised position as a first-class production centre and underpins management's confidence in the prospects for ADF.

Competitive strength

We are already the provider of choice for many in the UK for large scale and quality productions, which has allowed us to benefit from high valued productions and customers. This market position has taken many years to establish, and we have the right infrastructure in place to support continued successful customer delivery and further expansion. To deliver such a high quality of service to our customers and successfully compete at this level, the quality of a supplier's vehicle fleet needs to be incredibly high. ADF prides itself upon the strength of its vehicle fleet and customer service, which has led to ADF having positive direct relationships with some of the world's largest traditional and on-demand production companies and positions us well to capture a growing proportion of the expanding market. ADF has won several contracts for future productions through its existing customers and being able to retain these valued customers we recognise is critical element of our future success.

We worked on 76 productions this year, including *Slow Horses*, *Everything I know about Love*, *The Sandman*, *Marvels Secret Invasion*, *I Hate Suzie*, *Sex Education*, *Happy Valley*, *Troubled Blood* and *A Spy Amongst Friends* to name a few. Delivering an excellent service and maintaining strong relationships with all our customers we recognise is essential in our ability to meet and deliver their future projects and grow our business.

Our flagship five-acre operational hub at Longcross, Surrey was officially opened in Q4 FY22. The site is perfectly located to serve all major studios near Longcross, including Shepperton Studios, Pinewood Studios, Leavesden Studios, and Elstree studios and demonstrates commitment to our growth strategy.

We also expanded the capacity of ADF's Bridgend depot as part of our expansion plans. The workspace was expanded with a new 5,400 sq. ft factory unit, bolstering our current 9,000 sq. f. of available floor space currently available, and will employ key personnel from the local area, encouraging strong regional relationships within the Welsh Film Industry and helping to further facilitate sales.

We report our Net Promotor Score (NPS), an internationally recognised customer service measurement, throughout the year, with an overall NPS score of 88, a figure which Bain & Company, the creators for NPS, has described as 'world class'. We continue to perform extremely well, reflecting the skills, knowledge and expertise of our staff that enables us to be a market leader.

Delivering against growth strategy

The Group has ambitions to grow organically through further investment into its revenue-generating vehicle fleet, and inorganically through appropriate acquisitions, and I am pleased to report we have successfully executed on both during the year, with the key highlight being the acquisition of Location One, which completed in December 2022.

The acquisition of an integrated equipment hire company provide complementary services to that of ADF, having worked together since 2008. Location One's customer base includes Amazon Studios, Netflix, Warner Brothers and the BBC and together, we have worked on a number of productions including, *The Crown*, *Top Boy*, *Lazarus*, *Becoming Elizabeth*, *Slow Horses*, *My Lady Jane*, and *The Gentleman*. Given the excellent track record of working together on productions across the UK, the programme of integration is already underway and progressing as planned. The main commercial benefit of the acquisition is sharing our industry contacts and moving Location One into our advanced production network pipeline which is already bearing fruit with a number of successful joint bids. We are also working on streamlining our processes to ensure best practice across several departments, including HR and Finance. With both businesses committed to providing high-quality equipment and customer service levels, along with having similar cultural values and impressive sustainability credentials, we are particularly excited by the strategic fit of the two organisations.

This acquisition will enable us to provide the very best services the industry has to offer under one roof, and I believe it moves us towards becoming a one-stop-shop to the UK TV and HETV industry.

Our IPO raised the Group's profile across our industry and as a result has presented us a number of acquisition opportunities worthy of consideration for our Group and I would like to thank shareholders for their continued support in allowing us the opportunity to help the business to grow in line with our strategy.

People

We will always maintain that our employees are the most essential asset of ADF and are key to the Group's long-term success. We have made a successful start as a listed business and our employees

are at the centre of that success. We made several key senior management appointments in the year, including Andrea Browning as the Head of HR, Rhys Thomas as Head of Fleet, Ross McDiarmid as Deputy Chief Financial Officer and Janis Arents as IT Manager. In May 2022 we also announced the appointment of Alexandra Innes as an independent Non-Executive Director. Alexandra's executive career spanned investment banking, global capital markets, and investment management across several sectors, which will be invaluable to us, as we continue to grow. Currently, Alexandra is a Non-Executive Committee Member at the Bank of England, a member of the Group Executive Board at Knight Frank LLP, and a Non-Executive Director of Dowlais Group plc, Waverton Investment Management Group Ltd, Securities Trust of Scotland plc, and Schroder Real Estate Investment Trust Ltd.

ESG

Both Location One and ADF continue to work with pivotal organisations to support the next generation of crew talent across the industry. Location One's Managing Director Crispin Hardy helped facilitate the Barking & Dagenham 'Skills for Screen' Careers Day at Eastbrook Studios during the year which was attended by over 700 secondary school children and their parents. Alongside Location One, we are also currently supporting the Film Skills and NFTS Teaching Programme by delivering modules on unit base operation, including how to further reduce carbon emissions and achieve zero waste.

We have also continued our support of Screen Alliance Wales (SAW), which is the gateway between the industry and its workforce to grow and promote local talent, crew and services of the film and TV industry in Wales. We are working with SAW and Cardiff and Vale college to establish a fully funded HGV training programme designed to specifically address the current national shortage of HGV drivers and to help generate a much-needed pipeline of new HGV drivers into the Creative Industries sector in Wales. We already have a number of current employees who have signed up for a Personal Learning Account (PLA) in order to progress their qualification.

We have also continued to strengthen our relationship with The Production Guild of Great Britain (PGGB) to increase their reach across the UK and we have introduced PGGB to both national and regional committees, and we are proud to sponsor the Wales & Southwest regions. This is proving valuable for local talent pipelines and production services, while the work of our 'Diversity and Inclusion Action Group' (DIAG) underpins all that they do.

We are also working closely with Underlying Health Conditions (UHC), a pressure group for disabled representation in the TV & Film Industry and have started to manufacture, supply wheelchair access Honey wagons as well as adapted American 2-ways.

In 2022, we also joined forces with the TV Access Project (TAP), created to actively work towards achieving a more inclusive television production sector for disabled talent. The TV Access Project is an alliance of 11 Broadcasters and Streamers led by the BBC and Channel 4 working alongside disabled creatives in the industry to create sustainable change. It has been formed in response to the campaign by UHC. ADF will continue to work with UHC and TAP to listen, learn and make changes that will make a difference, such as our Wheelchair Accessible Honey wagon and bespoke adaptations to artiste trailers depending on the user's requirements. TV and production manager Katie Player noted that "ADF have created an exceptional asset. By thinking about accessibility throughout the design process everything is integrated so brilliantly. UHC are delighted to be supporting ADF in their efforts to bring about change the industry requires".

Cost of living

We are mindful of the challenging economic environment in 2022 and the impact that this has had, and continues to have, on our workforce. To support our colleagues, we have conducted a market review of pay rates on a regular basis, increasing the salaries of those that fell below the market rate. We have also identified our lowest paid employees and increased salaries of those employees by at least 10% over the National Minimum Wage levels set in April 2023. Furthermore, all employees are eligible to participate in the informal Reward Scheme where they are nominated by their line manager or peers for going above and beyond in their role. We are also launching our Wellbeing policy which provides guidance and advice to employees on the support that is available, including support for Financial Wellbeing. This policy also links into various events and awareness campaigns throughout the year.

Outlook

I am incredibly proud of what the ADF team has achieved against the continued challenging economic backdrop. We have delivered growth through investment in our revenue generating vehicle fleet, the acquisition of Location One and through geographic expansion across the UK. We continue to secure new business through our expanding network of contacts and with a very encouraging market backdrop, we are confident that the demand for our services will continue to accelerate.

Following a strong conclusion to FY22, we have continued to trade positively in FY23, with strong order book and customer pipeline, lending considerable momentum across the business. We remain in a robust position and look to the future with confidence as the UK continues to establish itself as a major hub for our industry, presenting a significant opportunity for ADF to capitalise on this expanding market.

Marsden Proctor
Chief Executive Officer

CFO Review

ADF's results for the year reflect our strong market position and the continued growth within the Film & HETV in the UK in 2022, which was a record year for the industry following the previous record year set in 2021.

In our first year as a listed company, ADF made its first major acquisition, of Location One, the UK's largest integrated TV and film location service and equipment hire company and opened its brand new flagship operational Hub at Longcross, Surrey, which is perfectly located to serve several major studios. The successes seen this year demonstrate our commitment to continue to deliver on our growth strategy.

Revenue

ADF's revenue increased by 13% in FY22 compared to FY21, despite FY21 being a record year with - significant pent-up demand for content following the prolonged studio closures in 2020 owing to the COVID-19 pandemic. The table below shows the revenue split out between the 3 main headings, being main packages, additional sales, plus other miscellaneous income.

Turnover £M's	2022	2021	Inc. %
Main packages	£18.5	£15.6	18.9%
Additional sales	£12.6	£11.8	6.4%
Other income	£0.3	£0.4	-22.2%
Total	£31.4	£27.8	13.0%
Uplift %	75.2%	75.6%	-0.2%

Main Package Sales

Main packages comprise of the pre-booking of the base level of equipment required for the duration of a production with each asset being charged at a set daily hire rate for the number of days of filming. Main packages also include the hire of ADF staff to manage and service the equipment – this is also calculated by reference to a set daily hire rate. The daily hire charges for equipment and staff are set annually and incremented in line with market rates.

Additional Sales

The main package will not include the cost of the planned (or unplanned) moves for a production. Any additional equipment and staff required during the filming period, and the labour cost of all equipment moves are then charged out weekly during the filming period. Fuel for moves and consumables are also part of the additional sales. In FY22, the value of these additional sales was in excess of 75% and in line with the levels seen in FY21.

UK Film & HETV

The **British Film Institute** (BFI) recently reported that for the year ended 31 December 2022:

- *The combined spend by film and high-end television production (HETV) during 2022 reached £6.27 billion, the highest ever reported and £1.83 billion higher than for the pre-pandemic year 2019.*
- *The lion's share of the total £6.27 billion spend was contributed by HETV production with £4.30 billion, or 69%; with feature film production contributing £1.97 billion, or 31% of the total spend.*
- *Inward investment films and HETV shows delivered £5.37 billion, or 92% of the combined production spend underlining the UK's global reputation as the world-leading centre for film and TV production.*

90% of ADF's sales in 2022 were in HETV (2021: 92%).

The table below shows the progression of spend in the TV & Film Industry in the UK since 2018. The drop off in 2020 was due to the 3-4 months that the industry was closed for the first national COVID-19 lockdown. The red line shows the number of film and TV productions in the year.

UK Film & HETV Spend	2018	2019	2021	2022
Spend £Bn	£3.6	£4.4	£6.1	£6.3
No. of productions	518	544	525	415

Revenue Seasonality

In FY22, consistent with previous years there is a degree of seasonality with a steady build up to the key summer months when outdoor filming on location is more reliable, typically with improved weather conditions. December is a quiet month for trading as productions wind down for Christmas. However, unlike the last 3 years, revenue remained at a higher level than recorded before in Q4, in line with forecast productions.

Quarterly Sales £M's	2019	2020	2021	2022
Q1	£3.3	£2.4	£5.3	£5.9
Q2	£3.8	£0.0	£6.2	£6.8
Q3	£4.1	£1.8	£9.0	£8.6
Q4	£4.7	£3.9	£7.2	£10.2
	£15.9	£8.1	£27.8	£31.4

Revenue Mix

In FY21, ADF worked on just 39 productions with an average revenue value of £682k and average duration of 22 weeks, which was a significant increase on the pre-Pandemic average. However, most productions were studio based with the ongoing disruptions from COVID-19, and hence with limited movement across locations in the UK.

In FY22 ADF worked on 76 productions – on average these were shorter length productions than 2021 at 15 weeks, hence with a lower average revenue value of £38kK. The majority of the shorter length productions occurred in the first half of the year and were more spread around the UK. The second half of the year saw a return to longer and higher revenue generating projects.

Production Value	FY22	FY21
£0 - £500K	54	19
£500K - £1.0M	16	13
£1.0M - £1.5M	4	4
£1.5M - £2.0M	1	1
£2.0M - £2.5M	-	1
£2.5M - £3.0M	1	1
<i>Total productions</i>	76	39

Direct Costs & Gross Profit

Direct costs comprise a number of significant elements.

- Direct payroll which includes ADF staff based at production sites (studios and on location) who manage and service the equipment, together with HGV drivers to move equipment between locations, and staff employed in our workshops, body shop and trailer manufacturing plants. Direct payroll costs in FY22 were 27.9% of revenue, compared with 28.2% in FY21.
- Repair & running costs for motor vehicles & trailers which comprise 4.8% of revenue (FY21: 4.6%)
- Fuel for transport between productions, which experienced significant increases across FY22, comprised 7.3% of sales (FY21:5.4%). Fuel costs for production moves are charged out on a cost plus basis.
- Agency driver costs – ADF relies on agency partners to supplement location moves and its general transport requirements. Costs were 15.0% of revenue in FY22 (12.5% in 2021). This was in line with budget, with agency rates having undergone some industry-wide increases in late 2021 due to a well-publicised shortfall of HGV drivers as we came out of the COVID-19 pandemic. These agency rate increases have since levelled off as HGV driver shortfalls have eased.

The overall gross margin for – FY22 was 37.3% (FY21: 39.1%).

Administrative Costs

Administrative costs comprise payroll for executives, management and office-based staff, rent & facility related costs for the sites that the company operates from, depreciation & amortisation, and various other overheads.

Administrative expenses in FY22 were 11.9% of revenue (FY21: 11.2%) including the significant additional costs of operating as a publicly listed company which were absent in 2021 and prior to the Company's admission to trading on AIM.

Share Based Payments & Non-Recurring Expenses

The share-based payments relate to certain options granted to the 2 current executive directors. The non-recurring expenses relate to the advisory costs in relation to the acquisition of Location One Group.

Adjusted EBITDA

In addition to measuring financial performance of the Group, we also measure performance based on EBITDA and Adjusted EBITDA. EBITDA is defined as the Group's profit or loss before interest, taxation, depreciation, and amortisation. Adjusted EBITDA is defined as EBITDA, before specific items; non-recurring expenses, and share based payment expenses. EBITDA is a common measure used by investors and analysts to evaluate the operating financial performance of companies.

We consider EBITDA and Adjusted EBITDA to be useful measures of operating performance because they approximate the underlying operating cash flow by eliminating depreciation and amortisation. EBITDA and Adjusted EBITDA are not direct measures of our liquidity, which is shown by our cash flow statement, and need to be considered in the context of our financial commitments.

A reconciliation of reported profit for the period, the most direct comparable IFRS measure, to EBITDA and Adjusted EBITDA, is set out below.

Adjusted EBITDA (£000's)	2022	2021
Profit/(loss) before tax	4,615	2,794
Add back:		
Finance expenses	702	358
Depreciation & amortisation	2,513	1,922
Non-recurring expenses	78	1,322
Share based payment expense	59	1,332
Adjusted EBITDA	7,967	7,728

Adjusted EBITDA %	25.4%	27.8%
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Cash Flow and Net Debt

Operating cash flow before movements in working capital was £4.6M in FY22 (FY21 - £2.8M). Cash generated from operations was £4.3M in 2022 (2021 - £8.6M).

At 31 December 2022, net debt (borrowings less cash, including IFRS16 property 'loans') was £11.7M, compared to £7.6M at the prior year end. The increase is predominantly down to the application of IFRS16 to the new Operational Hub at Longcross which is a substantial 15 year lease agreement.

Facilities by ADF Plc remains a highly cash-generative business.

Cash Flow & Net Debt (£M's)	2022	2021
<u>Cash Flow:</u>		
Cash balances B/F	4,987	1,254
Movement	4,531	3,733
Cash balances C/F	9,518	4,987
<u>Debt:</u>		
Hire Purchase	12,944	11,574
IFRS16 Leases	8,285	691
Bank loans	0	342
Total	21,229	12,607
Net Debt	11,711	7,620
Net Debt (excl. IFRS16)	3,426	6,929

Acquisition of Location One

ADF acquired Location 1 Group Limited on 30 November 2022 for £8.9m. A program of integration is under way, streamlining process and jointly adopting best practices in certain areas. We are also assessing the possibility of merging one of their sites in London with ADF's operational hub at Longcross. Consolidation of HR & Finance processes is already underway, along with aggregating key insurance covers. However, the main commercial benefit of the acquisition is the ability to share ADF's extensive industry contacts and getting Location One into our production pipeline. With ADF's long lead times this means much greater visibility of opportunities for Location One.

Dividends

A final dividend of 0.90 pence per share, reflecting the Group's strong cash position and confidence in trading, is proposed to be paid (subject to shareholder approval at the 2023 AGM) on 30 June 2023 to shareholders who are on the register at the close of business on 16 June 2023.

In addition to the proposed final dividend to be put to shareholders for approval at the 2023 AGM, and following the FY22 year end, the Directors have become aware of two technical breaches of the Companies Act 2006 in respect of the interim dividend of 0.46 pence per ordinary share historically paid by the Company in October 2022. Accordingly, a resolution will be proposed at the 2023 AGM to resolve this issue.

Neil Evans FCA
Chief Financial Officer

Consolidated income statement

Profit & Loss - Y/E Dec (£m)	FY20A	FY21A	FY22A
Revenue	£8.0	£27.8	£31.4
<i>Growth</i>	<i>-49%</i>	<i>245%</i>	<i>13%</i>
Cost of sales	£(7.5)	£(16.9)	£(19.7)
Gross profit	£0.6	£10.9	£11.7
Gross margin	7%	39%	37%
Admin expenses	£(1.7)	£(3.2)	£(3.7)
Other income	£1.9	£0.0	£0.0
Adj EBITDA	£0.8	£7.7	£8.0
<i>Adj EBITDA margin</i>	<i>10%</i>	<i>28%</i>	<i>25%</i>
Non-recurring expenses	£0.0	£(1.3)	£(0.1)
Share based payments	£0.0	£(1.3)	£(0.1)
EBITDA	£0.8	£5.1	£7.8
Depreciation & amortisation	£(0.9)	£(1.9)	£(2.5)
EBIT	£(0.1)	£3.2	£5.3
Net interest expense	£(0.4)	£(0.4)	£(0.7)
PBT	£(0.5)	£2.8	£4.6
Tax charge	£0.1	£(1.5)	£0.0
PAT	£(0.4)	£1.3	£4.6

Consolidated cashflow statement

Cash Flow - Y/E Dec (£m)	FY20A	FY21A	FY22A
PBT	£(0.5)	£2.8	£4.6
Depreciation & amortisation	£0.9	£1.9	£2.5
Working capital	£0.6	£1.8	£(3.7)
Share based payments	£0.0	£1.3	£0.1
Other items	£0.4	£0.1	£0.1
Net Interest Expense	£0.4	£0.4	£0.7
Corporation Tax (paid) / received	£0.0	£0.4	£0.0
Net Cash Flow from Operating Activities	£1.8	£8.6	£4.3
Purchase of property, plant and equipment and intangible assets	£(0.1)	£(0.8)	£(4.1)
Purchase of right of use assets	£(3.5)	£(5.9)	£(1.0)
Increase in amounts due from directors	£0.0	£0.0	£(0.2)
Cost of business acquisition	£0.0	£0.0	£(3.6)
Net Cash Flow from Investment Activities	£(3.6)	£(6.7)	£(8.9)
Equity issuance and cost of issuance	£0.0	£0.8	£13.4
Net Debt Borrowings / Repayments	£3.5	£5.5	£(0.3)
Lease Payments	£(1.3)	£(3.1)	£(3.5)
Dividends	£(0.4)	£(0.9)	£(0.4)
Other items	£0.0	£(0.5)	£(0.1)
Net Cash Flow from Financing Activities	£1.8	£1.8	£9.1
Net Increase / (Decrease) in Cash	£0.0	£3.7	£4.5
Cash at Beginning of Year	£1.3	£1.3	£5.0
Cash at End of year	£1.3	£5.0	£9.5

Consolidated balance sheet

Balance Sheet - Y/E Dec (£m)	FY20A	FY21A	FY22A
Property, plant and equipment	£3.4	£4.1	£10.7
Right-of-use assets	£11.1	£15.1	£25.9
Goodwill & other intangible assets	£0.0	£0.0	£7.3
Total Non-Current Assets	£14.5	£19.2	£43.9
Cash	£1.3	£5.0	£9.5
Trade & other receivables	£1.0	£1.7	£3.0
Inventories	£0.0	£0.0	£0.4
Total Current Assets	£2.3	£6.7	£12.9
Short term debt	£0.5	£0.1	£0.0
Lease liabilities	£2.1	£2.7	£3.7
Trade & other payables	£2.3	£5.1	£6.3
Total Current Liabilities	£4.9	£7.9	£10.0
Long term debt	£0.4	£0.2	£0.0
Lease liabilities	£7.3	£9.6	£17.5
Deferred tax	£1.2	£2.7	£3.0
Contingent consideration	£0.0	£0.0	£0.9
Other long term liabilities	£0.1	£0.0	£0.0
Total Non-Current Liabilities	£9.0	£12.6	£21.4
Net Assets	£2.9	£5.4	£25.4

NOTES TO THE FINANCIAL INFORMATION

1. Accounting Policies

1.1 Basis of preparation

Facilities by ADF Plc (the “Group”) is a public company limited by shares, incorporated, domiciled and registered in England and Wales in the UK. The registered number is 13761460 and the registered address is Ground Floor 31 Oldfield Road, Bocam Park, Pencoed, Bridgend, United Kingdom, CF35 5LJ.

The consolidated and Company financial statements are for the year ended 31 December 2022. The Company’s prior period was from incorporation on 23 November 2021 to 31 December 2021 and was the first period of accounts for the Company. They have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the UK Companies Act 2006.

1.2 Going concern

The Group has continued to invest in growth throughout the financial year, with the Group continuing to trade throughout in a net asset position. The Directors are pleased with the progress of trading to date, and in particular, the progress made relative to the challenges of the film and television industry. On the 5 January 2022 the shares of the Company were admitted to the London Stock Exchange trading on the UK AIM market. As part of the listing, and on this date, 30,000,000 new ordinary shares were placed at a price of 50p, raising significant cash funds for the business.

The Directors are continuing to identify acquisitions as well as focussing on the continuation of the organic growth experienced in recent years. The Company acquired a new a business in the current financial period and significant synergies are expected to be achieved over the coming year from this. The Directors expect continued growth in 2023.

The financial statements have been prepared on the going concern basis which the Directors believe to be appropriate for the following reasons. The Directors have prepared cash flow forecasts for a 12-month period from the date of approval of these financial statements. They have applied a range of sensitivities to these forecasts and such forecasts and analysis have indicated that sufficient funds should be available to enable the Group to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

2. Earnings Per Share

The calculation of the basic earnings per share (EPS) is based on the results attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. Diluted EPS includes the impact of outstanding share options.

For the period ending 31 December 2020 there was a loss for the year recognised of £402,259, as such diluted EPS is identical to the basic loss per share as the exercise of warrants and options would be anti-dilutive.

	<i>Year ended 31 December 2022</i>	<i>Year ended 31 December 2021</i>
	<i>£</i>	<i>£</i>
Profit used in calculating basic diluted EPS	4,611,797	1,305,886
Weighted average number of shares	75,714,054	40,245,204
Diluted weighted average number of shares	81,939,807	46,686,026
Earnings per share	0.061	0.032
Diluted earnings per share	0.054	0.028

3. Property, plant and equipment

<i>Plant and machinery</i>	<i>Motor vehicles</i>	<i>Total £’000</i>

	£'000		£'000	Computer equipment £'000	Assets under construction £'000	
		Hire Fleet £'000				
Cost						
At 1 January 2021	122	4,592	263	74	-	5,051
Additions	31	486	294	10	-	821
Transfers	-	496	25	-	-	521
Disposals	(27)	(5)	(90)	(73)	-	(195)
At 31 December 2021	126	5,569	492	11	-	6,198
Depreciation						
At 1 January 2021	60	1,508	56	49	-	1,673
Charge for the year	17	318	27	5	-	367
Transfers	-	127	12	-	-	139
Disposals	(19)	(2)	(47)	(50)	-	(118)
At 31 December 2021	58	1,951	48	4	-	2,061
Cost						
At 1 January 2022	126	5,569	492	11	-	6,198
Additions	33	1,984	221	-	1,818	4,056
Additions on acquisition	-	2,524	560	-	69	3,153
Transfers	-	677	401	-	(1,078)	-
Disposals	-	(91)	(58)	-	-	(149)
At 31 December 2022	159	10,663	1,616	11	809	13,258
Depreciation						
At 1 January 2022	58	1,951	48	4	-	2,061
Charge for the year	19	516	74	2	-	611
Disposals	-	(63)	(31)	-	-	(94)
At 31 December 2022	77	2,404	91	6	-	2,578
Net book amount						
At 31 December 2021	68	3,618	444	7	-	4,137
At 31 December 2022	82	8,259	1,525	5	809	10,680

Depreciation is charged to administrative expenses within the statement of comprehensive income.

4. Leases

The Group leases a number of assets, all assets are leased from the UK, which is the main jurisdiction the Group operates in. All lease payments, in-substance, are fixed over the lease term. All expected future cash out flows are reflected within the measurement of the lease liabilities at each year end.

Nature of leasing activities

	<i>As at</i> <i>31 December</i> <i>2022</i>	<i>As at</i> <i>31 December</i> <i>2021</i>
Number of active leases	115	61

The Group leases include leasehold properties for commercial and head office use, motor vehicles and equipment. The leases range in length from 3 to 15 years and vary in length depending on lease type. Leasehold properties holding the longest-term length of up to 15 years, motor leases up to 4 years, hire fleet up to 7 years, vehicles up to 7 years, and equipment of up to 5 years. All leases are held with the Group's subsidiaries.

Extension, termination, and break options

The Group sometimes negotiates extension, termination, or break clauses in its leases. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

On a case-by-case basis, the Group will consider whether the absence of a break clause would expose the Group to excessive risk. Typically, factors considered in deciding to negotiate a break clause include:

- The length of the lease term;
- The economic stability of the environment in which the property is located; and
- Whether the location represents a new area of operations for the Group.

Incremental borrowing rate

The Group has adopted a rate with a range of 3.3% - 8.7% as its incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. This rate is used to reflect the risk premium over the borrowing cost of the Group measured by reference to the Group's facilities.

The Group performed a sensitivity analysis where incremental borrowing rates have been used and identified if the incremental borrowing rate was 5% for all assets there would be a increase in the carrying amount of the right-of-use asset at 31 December 2022 of £88,483 (2021: Decrease £32,393); there would be a subsequent increase in the lease liability of £62,047 (2021: Decrease £23,834). If the incremental borrowing rate decreased to 1% for all assets there would be an increase in the carrying amount of the right-of-use asset at 31 December 2022 of £203,628 (2021: £96,512) and there would be a consequent increase in the lease liability of £276,897 (2021: £67,841).

Sensitivity analysis is not performed on hire purchase leases as interest is inherent within these lease agreements.

Right-of-use assets

		Hire Fleet and Motor			
Leasehold Property £'000	Motor Leasehold £'000	Motor Vehicles £'000	Equipment £'000	Assets under construction £'000	Total £'000

Cost						
At 1 January 2021	1,397	109	10,950	8	-	12,464
Additions	-	28	5,882	14	-	5,924
Transfers	-	-	(519)	-	-	(519)
At 31 December 2021	1,397	137	16,313	22	-	17,869

Depreciation						
At 1 January 2021	557	27	770	4	-	1,358
Charge for the period	283	30	1,240	2	-	1,555
Transfers	-	-	(139)	-	-	(139)
At 31 December 2021	840	57	1,871	6	-	2,774

Cost						
At 1 January 2022	1,397	137	16,313	22	-	17,869
Additions	6,863	-	3,108	-	1,812	11,783
Business acquisitions	808	24	-	87	-	919
Transfers	-	-	1,085	-	(1,082)	3
At 31 December 2022	9,068	161	20,506	109	730	30,574

Depreciation						
At 1 January 2022	840	57	1,871	6	-	2,774
Charge for the period	251	38	1,602	8	-	1,899
At 31 December 2022	1,091	95	3,473	14	-	4,673

Net book amount						
At 31 December 2021	557	80	14,442	16	-	15,095
At 31 December 2022	7,977	66	17,033	95	730	25,901

Lease liabilities

	Leasehold Property £'000	Motor Leasehold £'000	Hire Fleet and Motor Vehicles £'000	Equipment £'000	Total £'000
At 1 January 2021	871	83	8,415	4	9,373
Additions	-	28	5,458	15	5,501
Interest expense	30	3	311	-	344
Lease payments (including interest)	(318)	(23)	(2,610)	(2)	(2,953)
At 31 December 2021	583	91	11,574	17	12,265
At 1 January 2022	583	91	11,574	17	12,265
Additions	6,770	-	4,165	-	10,935
Business acquisitions	808	24	-	87	919
Interest expense	106	3	585	1	695
Lease payments (including interest)	(172)	(28)	(3,376)	(9)	(3,585)
At 31 December 2022	8,095	90	12,948	96	21,229

Reconciliation of minimum lease payments and present value

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Within 1 year	4,542	2,996
Later than 1 year and less than 5 years	12,506	9,727
After 5 years	8,759	987
Total including interest cash flows	25,807	13,710
Less: interest cash flows	(4,578)	(1,445)
Total principal cash flows	21,229	12,265

Reconciliation of current and non-current lease liabilities

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Current	3,705	2,658
Non-current	17,524	9,607
Total	21,229	12,265

Short term or low value lease expense

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Total short term or low value lease expense	28	3
	28	3

5. Trade and other receivables

<i>Group</i>	<i>As at 31 December 2022 £'000</i>	<i>As at 31 December 2021 £'000</i>
Amounts falling due within one year:		
Trade receivables	1,761	472
Director's loan accounts	307	127
Other receivables and prepayments	977	1,168
	<u>3,045</u>	<u>1,767</u>

6. Trade and other payables

<i>Group</i>	<i>As at 31 December 2022 £'000</i>	<i>As at 31 December 2021 £'000</i>
Amounts falling due within one year:		
Trade payables	1,932	1,831
Other payables	1,055	101
Taxation and social security	1,298	959
Accrued expenses	1,461	1,722
Deferred income	576	519
	<u>6,322</u>	<u>5,132</u>

The Directors consider that the carrying value of trade and other payables approximates to their fair value. Trade payables are non-interest bearing and are normally settled monthly.

Included in other payables were Director loan accounts with a balance owed to the Directors as at 31 December 2022: £Nil (2021: £297), all amounts were non-interest bearing. Additionally including in other payables is amounts payable of £848,582 in respect of employer social security costs due on M Proctor share options exercised.

Revenue recognised in the year that was deferred from the previous year was £518,555 (2021: £328,000).

7. Borrowings

	<i>As at 31 December 2022 £'000</i>	<i>As at 31 December 2021 £'000</i>
Current:		
Bank loans	-	100
Other loans	-	-
	-	100
Non-current		
Bank loans	-	242
Other loans	-	-
	-	242
Total borrowings	-	342

A maturity analysis of The Group's borrowings is shown below:

	<i>As at 31 December 2022 £'000</i>	<i>As at 31 December 2021 £'000</i>
Less than 1 year	-	100
Later than 1 year and less than 5 years	-	242
	-	342

Included in bank loans is a Coronavirus Business Interruption Loan Scheme (CBILS) held with Barclays. The loan was taken out in May 2020 and originally matured four years after this date. The loan incurs interest of 2.25% above Bank of England base rate with a deferred payment start date as part of the CBILS scheme of 12 months. Interest on the loan is payable by the UK Government as part of the business interruption payment under the facility. This loan was fully paid in the year ended 31 December 2022.

8. Business acquisitions

On 30 November, the Group completed the acquisition of 100% of the share capital of Location 1 Group Ltd for consideration of an initial cash payment of £4,429,646 and £1,879,575 consideration paid in shares, through Facilities by ADF. A further payment of contingent consideration, up to maximum value of £4,059,788, was valued on acquisition at £877,892, giving a total consideration of £7,187,113.

The principal reason for the acquisition was to increase the Group's synergies, to optimize the Group's coverage of the UK television and film production market in which it operates.

In the period from 30 November 2022 to 31 December 2022, the acquired business contributed £718,011 to Group revenues and a profit of £6,716 to the Group's comprehensive profit. If the acquisition had taken place on 1 January 2022, the acquired business would have contributed £9,436,502 to Group revenues and a profit of £146,727 to the Group's comprehensive profit.

Location 1 Group Ltd latest financial year end, prior to acquisition, was 30 September 2021. On acquisition the Group extended the period ended due 30 September 2022 to 31 December 2022, to align with the Group accounting period end. The results of have been consolidated as at 31 December 2022 for inclusion in these consolidated annual financial statements.

The following table summarises the fair value of assets acquired, and liabilities assumed at the acquisition date. There were no differences identified between the book cost and fair value of assets and liabilities acquired:

	<i>Fair value</i> <i>£'000</i>
Property, plant and equipment	3,153
Right of use assets	919
Trade and other receivables	1,337
Cash	835
Trade and other payables	(1,362)
Hire purchase and loans	(3,443)
Lease liabilities	(919)
Deferred tax liability	(544)
Total fair value	(24)
Consideration	7,187
Goodwill	7,211

The goodwill of £7,211,397 comprises the potential value of additional synergies which is not separately recognised. Acquisition costs totalled £78,312 and are disclosed within the statement of comprehensive income within non-recurring items, certain additional costs totalling £122,844, which were directly attributable to the share raise, were recognised against Share Premium.

Purchase consideration	£'000
Cash	4,430
Share consideration	1,880
Contingent consideration	878
Total Consideration	7,187

Contingent consideration is payable up to maximum value of £4,059,788, payable in cash, over a three-year period, based on set performance criteria. Performance criteria is set against adjusted EBITDA targets of Location 1 Group Ltd, at each year, across a three-year period. The contingent consideration is payable on a scaling basis based on the level of Adjusted EBITDA gained. The minimum payment of contingent consideration is £Nil. The contingent consideration has been discounted to present value and adjusted based on management expectation of probability of outcome of reaching Adjusted EBITDA targets.

The net cash sum expended on Acquisition in the year ended 31 December 2022 is as follows:

Analysis of cash flows on acquisition	£'000
Cash paid as consideration on acquisition	(4,430)
Cash acquired at acquisition	835
Net cash outflow on acquisition	(3,595)

9. Post balance sheet events

There are no post balance sheet events to disclose.