

Free Translation

**Report of the Board of Directors related to the Statutory Financial Statements for fiscal year
2019 to the Ordinary General Meeting of 13 May 2020**

Dear Shareholders,

In accordance with the legal and statutory obligations, we have the honor to report to you on the policy and results of our company during the fiscal year running from 1 January 2019 to 31 December 2019.

1. NOTES TO THE STATUTORY FINANCIAL STATEMENTS OF KINEPOLIS GROUP NV

Kinepolis Group shareholders' equity stood at € 137 903 666,76 as of 31 December 2019 compared to € 83 956 390.64 at the end of 2018.

This movement is further clarified in 1.2.1.

The balance sheet total of the company is € 620 513 240.33 compared to € 473 867 925.15 in 2018. This movement is further clarified in 1.1. and 1.2. below.

1.1. STATUTORY BALANCE SHEET: COMMENTS ON THE MAIN ASSETS

1.1.1. Intangible fixed assets

Intangible fixed assets rose by € 739 041.98, mainly due to investments in new software for an amount of € 2 529 911.62, among others for the deployment of the new digital ticketing platform, digital marketing, Business Intelligence and PRD (Production).

Furthermore, a new AP automatization system, Medius, has been implemented, making a digital flow of incoming invoices and a more efficient digital approval flow possible.

Also, the further rollout of the Vista system at the Spanish El Punt theaters, the new theater in Servon and the further software implementation at the existing cinemas have a significant impact.

In addition, investments were made in Canada as part of the Landmark ICT Integration project. Finally, the Kinepolis database "My Kinepolis" migrated to a SAAS model and a software migration for backup of the own servers has been done.

Regarding the investments, an amount of € 2 165 758.34 for depreciations has been booked this year.

1.1.2. Property, plant and equipment

In comparison with 2018, tangible fixed assets have fallen by € 862 478.47. Total investments in 2019 amounted to € 332 394.33, mainly in ICT hardware. Normal depreciations amounted to € 784 373.86.

1.1.3. Financial fixed assets

Financial fixed assets increased by € 138 606 048.05, due to the acquisition of MJR in the US for an amount of € 63 279 088.68 and the liquidation of KP Immo Brussel NV and Utopia Belgium NV resulting in an amount of € 26 794 920.00 of liquidated participations.

Due to the liquidations of both entities, the intercompany debt between Kinopolis Financial Services NV has been omitted and replaced by a receivable for an amount of € 22 007 939.54.

Finally, a loan of 90 000 000.00 USD has been granted to MJR in the US, resulting in a total intercompany receivable of € 102 121 879.37.

1.1.4. Stocks and orders in progress

Stocks decreased by € 317 896.88 in 2019.

1.1.5. Amounts receivable within one year

Amounts receivable within one year increased by €4 283 350.28, of which € 3 325 148.41 relate to receivables from affiliated companies.

This is mainly due to the takeovers and the Group's growth.

1.1.6. Cash investments

Cash investments rose by € 2 707 808.74, due to the reversal of a depreciation of treasury shares that has been booked in 2018.

1.1.7. Accrued charges and deferred income

Accrued charges and deferred income amount to € 2 983 307.57 and consist mainly of refinancing costs to be carried forward.

1.2. STATUTORY BALANCE SHEET: COMMENTS ON THE MAIN LIABILITIES

1.2.1. Capital, share premium account, reserves and profit carried forward

Profit for fiscal 2019 was € 53 947 276.12, operating profit rose by € 13 763 011.72.

Reserves rose by € 2 707 808.74, due to a reversal of a depreciation of treasury shares booked in 2018.

1.2.2. Provisions and deferred taxes

The provisions amount € 25 688.38.

1.2.3. Amounts payable after more than one year

Long-term debts increased by € 180 938 532.38. This is due on the one hand to the Private Placement for an amount of € 225 000 000.00 and on the other hand, to the intercompany debt of € 44 061 467.62 that has been omitted. At the end of 2019 Kinopolis Group NV had an intercompany receivable against Kinopolis Financial Services NV.

1.2.4. Amounts payable within one year

Amounts payable within one year amounted to € 9 179 849.86 or a decrease of € 86 163 370.98 compared to 2018, mainly as a result of the bond that has been repaid in date of 6 March 2019 for an amount of € 59 122 000.00.

As dividend was not attributed, other debts have fallen by € 25 857 542.92. This has been decided in response to the situation regarding Covid-19.

Debts to suppliers and debts consisting of unpaid taxes, wages and social charges decreased by € 1 135 218.62 due to a surplus of paid taxes.

1.2.5. Accrued charges and deferred income

Accrued charges and deferred income decreased by € 2 102 810.72 due to the repayment of the bond and, consequently, no more interest is due.

1.3. COMMENTS ON THE STATUTORY INCOME STATEMENT

Operating income increased by € 18 359 384.05, mainly due to the growth of the Group and the positive results as a result of which the intercompany turn-over has risen with € 17 669 911.70. The increase is also due the sale of digital material for an amount of € 3 572 826.32

As Intercompany rent of projectors has fallen away, the company turn-over has decreased with € 3 560 952.70.

Operating costs rose by € 4 596 372.33 because of additional purchases of digital equipment for an amount of € 3 535 536.72. Proportionate to these costs, as mentioned before, the sale of digital material has risen. The increase of the operational income amounts € 13 763 011, 72.

Financial income rose by € 758 200,51. This is on the one hand due to a rise by € 6 274 273.82 of the non-recurrent financial income, because of the reversal of the depreciation for an amount of € 6 448 000,00 on the participation of Kinapolis Poznan in 2018 and the liquidation of Utopia Belgium NV and KP Immo Brussel NV for an amount of € 12 722 273.82.

On the other hand, the recurrent financial income increased with € 5 516 073.31, due a dividend of € 5 000 000.00 that has been paid to Utopia SA in 2018.

Financial costs reduced by € 4 864 146.12 due to the reversal of the depreciation of treasury shares in 2018 for an amount of € 2 707 808.74. In 2019 the depreciation on treasury shares amounts € 27 079.12.

The tax cost increased by € 3 298 839.04, mainly due to the higher profit of € 70 094 521.23.

Despite higher tax cost, this is not in proportion with the achieved profit, as the amount of € 30 351 108.82 for the liquidation of KP Immo Brussel NV and Utopia Belgium NV and the reversal of the depreciation of treasury shares for an amount of € 2 734 887.86 has not been taken in consideration.

Furthermore, there is a recovery of the losses carried forward of Brightfish NV and Kinopolis Film Distribution NV for an amount of € 1 385 000.00. Finally, there were rejected costs for € 648 887.24, as well as forfeiture tax VAA for an amount of € 91 983.82.

2. KEY EVENTS AFTER THE END OF THE FISCAL YEAR

BCA

On 23 October 2019, the Brussels Court of Appeal annulled the ruling of the Belgian Competition Authority (BCA) of 25 March 2019 and decided to abolish the condition that prevents Kinopolis from growing organically in Belgium. The Competition Authority determined the transitional period on 11 February 2020, and ruled that Kinopolis does no longer require prior permission to open new cinema complexes in its home market Belgium from 12 August 2021.

IMPACT OF CORONA-COVID-19 PANDEMIC ON THE FINANCIAL RESULTS.

Due to the **impact of Covid-19**, Kinopolis, in consultation with the relevant authorities, has closed all its cinemas in all countries where it operates. The health of our film fans and employees remains our absolute priority. This will have a serious impact on business operations as of March 2020 onwards. Depending on the duration of the closure and the number of cinemas involved, Kinopolis expects a serious impact on the Group's financial results in 2020.

Due to the closure of all locations, almost all turnover will be lost during this period. Our activities have a nature that more than 70% of the costs affecting EBITDA are variable. In the context of this pandemic, the various authorities in the different countries where Kinopolis is active have taken measures, such as the introduction of temporary unemployment, wage subsidies, etc. This has increased the variability of our costs above 70%. Kinopolis is taking the necessary measures to further reduce the impact at all cost levels, including the fixed costs and outgoing cash flows. The Board of Directors will also propose to the General Meeting not to pay out a dividend and to transfer the profit to 'Retained earnings'.

At the start of the Covid-19 pandemic, Kinopolis had almost € 70.0 million in cash and a line of credit of € 120.0 million. Kinopolis therefore has sufficient cash to cope with the crisis. Kinopolis's financial strategy has been characterised by a prudent financial policy in recent years. As a result, the outstanding financial obligations have a maturity of more than five years, and the next significant repayment of its bonds will only take place in 2022. Kinopolis also has a strong and healthy balance sheet with a major portfolio of real estate. The impact on an annual basis cannot be estimated yet. Kinopolis Group management, however, is convinced that it has taken the necessary measures and has sufficient cash at its disposal to cope with the crisis.

3. INFORMATION ABOUT THE CIRCUMSTANCES THAT COULD HAVE A SIGNIFICANT IMPACT ON THE DEVELOPMENT OF THE COMPANY – PRINCIPAL RISKS AND UNCERTAINTIES

3.1. PERFORMANCE INDICATORS

The financial statements and the annual report give a true and fair view of the development and position of the Company, so no further description of essential financial and other performance indicators is needed in addition to the data provided in the consolidated annual report of Kinopolis Group.

3.2. DESCRIPTION OF THE MAIN BUSINESS RISKS

In order to gain insight into the main business risks, the Board of Directors and the Management of the company will conduct a risk assessment on an annual basis, and this assessment will be subsequently analysed and validated by the Board of Directors. As in previous years, this took place again in 2019 on the basis of a written survey of the participants, in order to gain both quantitative and qualitative results, enabling risks to be assessed in order of scale. Although this way of working enables Kinopolis to distinguish important risks from less important risks in a well-founded way, it remains an estimation that, inherent to the definition of risk, provides no guarantee whatsoever of the actual occurrence of risk events. The following list (in random order) therefore contains only some of the risks to which Kinopolis is exposed.

AVAILABILITY AND QUALITY OF SUPPLIED CONTENT

Bearing in mind that Kinopolis Group does not produce any content itself (such as films, etc.), it is dependent on the availability, diversity and quality of films, as well as the possibility of being able to rent this content from distributors. Kinopolis Group endeavours to protect itself wherever possible by maintaining good long-term relations with the major distributors and producers, by pursuing a content diversification policy to some extent, and by playing a role as distributor in Belgium. The investments in Tax Shelter projects should also be viewed in this light.

SEASONAL EFFECTS

The operating revenue of Kinopolis Group can vary from period to period, due to the fact that the producers and distributors decide when their films are released, completely independently of the cinema operators, and because certain periods, such as holidays, can traditionally have an impact on visitor numbers. The weather can also play an important role in the frequency of cinema visits. Kinopolis largely accepts this risk, considering that the costs of a financial hedging policy would exceed the revenue from it, but aims to mitigate the consequences by, among other things, varying its cost structure to a maximum degree.

COMPETITION

The position of Kinopolis Group as a cinema operator is subject to competition, just like every other product or service for which substitutes exist, and is impacted by increasing competition from other leisure activities, such as concerts and sporting events, that can influence the behaviour of Kinopolis customers. This competition also results, on the one hand, from the presence of cinemas of other operators in the markets in which the Group operates, and from the possible opening of new cinema complexes in those markets, and, on the other hand, from the increasing distribution and availability of films and series via on-line content media, and so on. This development can also be influenced by the shortening of the period between the first screening of a movie in the cinema and its availability through other channels that is ordinarily observed by the distributors, as well as the constant technical improvement in the quality of these alternative ways of watching movies.

In addition to these legal alternatives, the cinema industry also has to deal with illegal downloads. Kinopolis is working actively together with distributors to agree measures to counter any increasing illegal sharing of material online. Kinopolis strives to strengthen its competitive position as a cinema operator by implementing its strategic vision, which is focused on being able to provide customers with a premium service and film experience.

ECONOMIC SITUATION

Changes to the general, global or regional economic situation or the economic circumstances in areas where Kinopolis Group is active and which can impact consumer behaviour and the production of new movies can have a negative impact on the operating profits of Kinopolis Group. Kinopolis endeavours to arm itself against this threat by being rigorously efficient and by closely monitoring and controlling costs and margins. Changing economic conditions can also increase competitive risks.

RISKS ASSOCIATED WITH GROWTH OPPORTUNITIES

With further growth, competition authorities can impose additional conditions and restrictions on the growth of Kinopolis Group (see also 'Political, regulatory and competition risks' below). In addition, certain inherent risks are also associated with growth opportunities, either through acquisition or new-build projects, which can have a negative impact on the objectives set. Kinopolis Group will thoroughly examine growth opportunities in advance, to ensure that these risks are properly assessed and, where necessary, controlled.

POLITICAL, REGULATORY AND COMPETITIVE RISKS

Kinopolis Group strives to operate within the legal framework at all times. However, additional or amended legislation, including tax laws, could restrict Kinopolis's growth and /or operations, or result in additional investments or costs. Where possible, Kinopolis Group actively manages these risks by notifying the relevant political, administrative or legal bodies of its positions and defending them in an appropriate way. Furthermore, the Belgian Competition Authority has imposed a number of conditions and restrictions on Kinopolis Group, such as the requirement of the prior approval of the Competition Council for acquisitions of cinema complexes in Belgium.

TECHNOLOGICAL RISKS

Cinema has become a highly computerised and automated sector, in which the correct technological choices and the optimal functioning of projection systems, sales systems and other ICT systems are critical in order to be able to offer optimal service to the customer. Kinopolis Group tries to manage these risks by closely following the latest technological developments, regularly analysing systems architecture, securing its networks and optimising them where necessary, and by implementing ICT best practices.

PERSONNEL RISKS

As a service company, Kinopolis Group largely depends on its employees to provide a high-quality service. Hiring and retaining the right managers and employees with the requisite knowledge and experience in all parts of the Company is therefore a constant challenge. Kinopolis accepts this challenge by offering attractive terms of employment, good knowledge management and a pleasant working atmosphere. Kinopolis measures employee satisfaction on the basis of employee surveys and improves its policies where necessary. Furthermore, Kinopolis also attaches great importance to the health of its employees and endeavours to create a risk-free work environment that does no harm to anyone. To this end, and in addition to compliance with the legal obligations with regard to safety and prevention, it has taken a number of further measures, such as the organisation of preventive examinations by the company doctor, the organisation of evacuation exercises, prevention training, etc.

CUSTOMER RISKS

Customer experience is key at Kinopolis Group, which is why Kinopolis places the greatest importance on the management of the risks that could have a negative impact on the customer experience in all aspects of the Kinopolis

'customer journey'. In the first place, Kinopolis is concerned with the physical integrity of its customers, and therefore ensures that the health and safety risks for its customers are reduced to a minimum when they are in the complexes. This includes numerous aspects, ranging from user-friendly buildings and installations to user-friendly products (e.g. compliance with HCCP standards, noise levels in the theatres), up to the prevention of feelings of insecurity through an adapted surveillance policy. In addition, in line with its best marketer strategy, Kinopolis also respects the privacy and data integrity of its customers. To this end, it has appointed a 'data protection officer' (DPO), and implemented a number of legal and security measures to protect customer data, and has organised GDPR training for staff, while the DPO carries out the necessary audits to ensure that the privacy policy of the company remains up-to-date at all times, and the status of the company's GDPR maturity is discussed in internal committees as well as in the audit committee.

Last but not least, Kinopolis tries to respond to any questions or dissatisfactions as quickly as possible by offering its clients timely and adequate services, so that potential complaints or disputes can be prevented or be resolved as quickly as possible.

Poor management of the abovementioned risks would lead to a decline in customer satisfaction, reputational damage and, ultimately, a decline in visitor numbers. In addition, the likelihood of disputes and/or administrative fines would also increase considerably.

RISKS RELATED TO EXCEPTIONAL EVENTS

Events of an exceptional nature, including but not limited to extreme weather, political unrest, terrorist attacks, pandemics etc., in one of the countries where Kinopolis Group is active, and that result in material damage to one of the multiplexes, a fall in the number of customers or disruption in the delivery of products, can have a negative impact on activities. Kinopolis strives to minimise the potential impact of such risks through a combination of preventive measures (such as constructional decisions, evacuation planning) and detective measures (such as fire detection systems), and by taking out proper insurance, if available.

ENVIRONMENTAL LIABILITY AND PROPERTY RISKS

The property that Kinopolis Group owns and leases is subject to regulations with regard to environmental liability and potential property risks. In addition to the above-mentioned measures to manage political and regulatory risks, Kinopolis will take the necessary measures to avoid environmental damage and limit property risks.

OTHER RISKS

Following the annulment by the Market Court of the decisions of the Belgian Competition Authority (BMA) of 31 May 2017 and 26 April 2018 to relax the behavioural conditions imposed on Kinopolis Group in 1997 by the BMA, the Company filed an updated request in 2019 that the above-mentioned behavioural conditions be abolished, after which, on 11 February 2020, the BMA lifted the condition prohibiting organic growth without prior consent from the BMA, with effect from 12 August 2021. The other behavioural conditions, including those related to the prior approval by the BMA regarding acquisitions in Belgium, remain in force.

Furthermore, proceedings are continuing in relation to a tax ruling applied to it in 2012. On 11 January 2016, the European Commission published its decision that the Belgian tax rulings with regard to excess profit are considered to be unlawful state aid. The decision of the European Commission obliges the Belgian government to make an additional claim for tax that would have been owed if such tax rulings had not been applied. As a consequence of the decision of the European Commission, and in accordance with IAS 12, Kinopolis has set up a provision of € 9.4 million for a potential additional claim for tax on the excess profit that was not included in the taxable base due to the ruling. This amount fully covers the potential liability, including interest charges. On 1 July 2016, Kinopolis Group, together with the other companies involved, appealed against the decision of the European Commission at the European Court of Justice. In 2017, pursuant to the above-mentioned decision, the Belgian state demanded payment of the alleged owed tax, which Kinopolis paid without making any harmful admission. If the appeal of Kinopolis Group is successful, all the amounts paid will be refunded to Kinopolis.

On 14 February 2019, the Court of the European Court of Justice annulled the above-mentioned decision of the European Commission. In response, the European Commission lodged an appeal, and opened an individual investigation into Kinopolis and the other companies involved. An appeal decision is expected in the second half of the year. With regard to the individual files, no deadline has yet been set for a decision.

4. ACQUISITION OF TREASURY SHARES

On 31 December 2019, Kinopolis Group held 492 346 treasury shares, with a capital value of € 340 983,58.

5. USE OF FINANCIAL INSTRUMENTS

The Company had no outstanding financial instruments at 31 December 2019.

6. DECLARATION OF NON-FINANCIAL INFORMATION AS PROVIDED FOR IN THE LAW OF 3 SEPTEMBER 2017 – CORPORATE SOCIAL RESPONSIBILITY

6.1. SUSTAINABLE INVESTMENT IN PEOPLE AND THE ENVIRONMENT

Kinopolis attaches the utmost importance to the social, environmental and cultural consequences of its business operations.

The principles of Corporate Social Responsibility (CSR) have been translated into a sustainability policy that is an important guideline in the daily decision-making processes and the operation of the company.

6.2. CONTEXT AND METHODOLOGY

In 2017, Kinopolis decided to structure its existing CSR approach within the framework of the internationally recognised ISO 26000 standard (Guidance for the social responsibility of organisations). In accordance with this standard, a relevancy and significance evaluation of the various CSR aspects and the related risks that a company faces was carried out at the end of 2018. This evaluation was carried out by the members of the Board of Directors, the senior management and the Belgian Works Council. The relevance and significance for Kinopolis itself and for its various stakeholders (including employees, customers, suppliers, investors and government) were taken into account. An evaluation of this kind is carried out at least every two years, unless there are strong indications that the results are not up-to-date. In such case, the evaluation will be accelerated.

The above-mentioned study showed that the following three CSR aspects are considered to be the most relevant for the organisation:

- Care of customers
- Care of employees
- Care for the environment

CARE OF CUSTOMERS

Kinopolis aims to offer its customers a positive experience with every contact or visit, by clearly informing them, interacting with them and responding to their wishes. In doing this, Kinopolis takes all target groups into account, and this is reflected in the film programme and the infrastructure of its cinemas.

CARE OF EMPLOYEES

The well-being of employees is an important part of the Kinopolis sustainability policy. Kinopolis works hard to develop talent and to encourage employees to get the best out of themselves. After all, an employee who feels involved will create happy customers and partners. Kinopolis' 'Human Capital' policy provides for, among other things, an intensive onboarding process, various training programmes and career guidance. The annual measurement of employee satisfaction enables Kinopolis to closely monitor this policy and to develop it further.

CARE FOR THE ENVIRONMENT

Via its 'Green Star' programme, Kinopolis is also committed to shoulder its responsibilities with regard to care for the environment. Kinopolis takes full consideration of the comfort and convenience of visitors and employees in all its buildings, both in renovation work and new-builds. The company thereby constantly works to reduce its ecological footprint by introducing innovative, low-energy materials and structural applications.

In recent years, technological evolution has also enabled cinemas to significantly reduce the ecological impact of their operations. Examples of this are the evolution of projection systems and the rise in online and mobile transactions.

Kinopolis actively looks for new technologies and initiatives in order to ensure, as appropriate, a fast response to social and ecological trends.

INTEGRITY IN BUSINESS

In addition to these three pillars, Kinopolis has a strict policy with regard to anti-corruption and bribery, and efforts are made to raise awareness of that policy among employees and management. Integrity is always at the forefront of Kinopolis' business operations.

MEASURING OUR PERFORMANCE WITH REGARD TO SUSTAINABILITY

In order to measure the effectiveness and efficiency of Kinopolis' policy measures with regard to sustainability, a Key Performance Indicator (KPI) was determined for each of the above domains. In addition, descriptive performance indicators and examples will be cited throughout this report to illustrate the policy.

Over the coming years, Kinopolis is committed to further developing its sustainability policy and intensifying its efforts in various areas. The potential risks related to these topics will thereby be

re-assessed on a regular basis, and it will be examined whether adequate policy measures have been provided to limit these risks.

EXPLANATORY STATEMENT WITH REGARD TO THE ACTIVITIES OF KINEPOLIS IN THE USA
Kinepolis finalised the acquisition of American cinema group MJR Digital Cinemas in the middle of October 2019. As cinemas in the USA have only been part of Kinepolis' portfolio since late 2019, Kinepolis will not yet report on its US operations in this chapter.

Kinepolis is committed to implementing as much as possible of its corporate social responsibility policy – as set out in this chapter – in the American organisation in the coming years. In the first instance, the focus will thereby be on the rapid implementation of its Human Capital policy, aimed at introducing the self-learning corporate culture of Kinepolis and thereby empowering employees to actively contribute to the implementation of the corporate strategy.

KEY PERFORMANCE INDICATORS (KPI)

SUSTAINABILITY PILLARS OF KINEPOLIS	RELATED GUIDELINES ISO 26000	KPI
Customers	<ul style="list-style-type: none"> - Honest marketing, factual and unbiased information and fair practices when concluding contracts - Protection of the health and safety of the consumers - Customer service, support and resolution of complaints and disputes - Consumer data protection and privacy - Education and awareness 	Number of completed customer surveys per year Customer Satisfaction Index (CSI) in Europe 'Tell Us About Us' guest survey in Canada
Employees	<ul style="list-style-type: none"> - Employment and employment relations - Working conditions and social protection - Social dialogue - Health and Safety at work - Personal development and training in the workplace 	Number of 'budget owners' in relation to the total number of employees
Environment	<ul style="list-style-type: none"> - Prevention of environmental pollution - Sustainable use of resources - Mitigation of and adaption to climate change 	Evolution of energy consumption per year Expressed in KWh/m2 Reporting at Group level for Europe (reporting in Canada from 2020)
Integrity in business	<ul style="list-style-type: none"> - Human rights - Honest business practices 	% of employees who have signed the Code of Conduct

6.3. OUR CUSTOMER

Customer experience is key at Kinopolis, which is why customer satisfaction and care for customers in all aspects of the Kinopolis 'customer journey' is of the utmost importance.

Kinopolis pursues an inclusive policy, with attention to all social target groups.

POLICY

Kinopolis aims to offer its customers a positive experience during each visit or contact and, as such, increase the probability of a repeat visit and positive word-of-mouth advertising. Kinopolis thereby focuses on a number of aspects, all of which contribute to a total customer experience:

- An extensive range of films, in which everyone can find one that is to his or her liking;
- Modern, comfortable and easily accessible cinemas and theatres;
- High-quality customer service:
 - including film tips for and by customers
 - with respect for the protection of customer data.

EVALUATION OF OUR POLICY: CUSTOMER SATISFACTION INDEX

The measurement of Kinopolis' efforts with regard to the customer experience is carried out on a continuous basis via the Customer Satisfaction Index (CSI) in Europe and the 'Tell Us About Us' guest survey in Canada. Both use almost the same criteria¹ to evaluate the quality of the customer experience offered. Kinopolis received a total of 557 193 completed surveys in 2019, 540 193 of which in Europe, and approximately 17 000 in Canada.

All European visitors who buy tickets online and leave their email address receive an invitation to tell Kinopolis about their experience within 24 hours of their cinema visit. Those who do not buy online can share their opinions via a form on the Kinopolis website. The questions relate to various aspects of the customer experience: how they liked the film, the quality of the picture and sound, the service, tidiness, customer friendliness, waiting times and so on. Customers can also submit suggestions in this way.

CUSTOMER SATISFACTION INDEX

	2018 Europa	2018 Canada	2019 Europa	2019 Canada	Total 2019
Number of completed customer surveys	419 047	N/A	540 193	17 000	557 193

The survey is not yet offered by email in Canada, but via the website. Customers are encouraged to fill it in by the cinema staff and by means of communication in the preshow.

¹ No film evaluations are currently being requested in Canada.

Landmark Cinemas will soon implement the Kinopolis CSI working method and will review its survey in terms of both process and content.

The CSI enables Kinopolis to constantly collect customer feedback at a very detailed level, and the CSI results are reported and assessed on a daily basis at team, cinema and national level. Kinopolis constantly refines its operational management and film programming on the basis of this customer feedback. Comments on seat comfort, for example, are immediately passed on to the relevant department, and the seat in question will be immediately checked, and repaired where necessary.

In addition, customer satisfaction – alongside employee satisfaction and financial metrics – is an essential KPI within the Group for the assessment of the performance of cinema complexes, managers and employees. The above-mentioned KPIs are also included in the bonus scheme for managers and budget owners. The response in all countries is more than high enough to give a representative picture of customer satisfaction.

MOVIE LOVER EXPERIENCE AWARDS

Landmark cinemas that exceed their customer satisfaction goals are honored at the Movie Lovers Experience Awards, an annual programme within the Canadian cinema circuit that aims to give wide internal recognition to cinemas that perform well.

VISITORS' SCORE PER FILM: CUSTOMERS ADVISE CUSTOMERS²

The Customer Satisfaction Index also measures the visitor score of each individual film in the Kinopolis programme, and this indicates the extent to which visitors would recommend the film they have just seen to others. The customer score is taken into consideration every week when programming films, making it an important indicator of how long a film will run in the cinema. Kinopolis always publishes the visitor score of each film on its website, even if it is negative. In this way, customers advise each other on which films to see, with Kinopolis as facilitator. The visitor score of a film also plays a role in the recommendations that Kinopolis makes to customers. The score is a factor in Kinopolis' 'recommendation engine': a piece of artificial intelligence that tries to identify, as far as possible, which films from the current programme will appeal to the customer.

CUSTOMER SUPPORT

Kinopolis wants to be as accessible to customers as possible and is committed to respond to questions and comments as quickly as possible. In order to inform customers as well as possible and to stimulate self-help, Kinopolis uses an extensive series of frequently asked questions and answers on its website in both Europe and Canada (www.kinopolis.com and www.landmarkcinemas.com, respectively). This list is regularly updated and adjusted based on customer contacts. Kinopolis proactively directs online customers to this 'FAQ' section. If customers cannot find the answer to their question, they can use the contact form on the website.

This contact form is designed to ensure that the question is immediately forwarded to the right department and/or cinema. In case of problems or questions in the cinema, customers can always address the staff.

² Not yet applicable for Landmark Cinemas Canada.

During busy periods, an external call centre is sometimes used to relieve the phone lines of the cinema complexes as much as possible, and to avoid waiting times for visitors. Customer questions are also answered every day via social media (Twitter, Facebook).

PROTECTION OF CUSTOMER DATA

Kinepolis collects data about its customers as part of its relationship-marketing strategy and its 'Marketing as a Service' credo. In this way, Kinepolis can optimally tailor its operational management to the wishes of its customers, and European customers always receive relevant film and event recommendations based on the data in their personal profile.

From May 25, 2018, the use of personal data has been regulated by the European Union's General Data Protection Regulation (GDPR), which is aimed at the protection of personal data. The basic values behind the GDPR have always been the values followed by Kinepolis in the handling of customer data, namely:

- Kinepolis has a transparent data-processing policy towards its customers;
- The main objective of collecting and processing customer data is to improve the service to customers;
- Kinepolis attaches great importance to the rights of its customers with regard to data, and allows them to exercise them in a simple manner;
- Kinepolis has a strict organizational and technical security policy with regard to its customer data.

The Canadian equivalent of the GDPR is PIPEDA (The Personal Information Protection and Electronic Documents Act). Landmark Cinemas Canada meets all PIPEDA requirements in its handling of customer data, and pursues the same values.

Respect for customers and respect for their data are inextricably linked, and Kinepolis takes both very seriously.

Cyber security

Kinepolis takes a whole series of measures to protect its IT systems, and thereby also its employees, customers and business operations, against cyber-attacks. ICT risks (and the control measures to cover them) have until now been regularly discussed in the Audit Committee. From 2020, this will be done on a formal basis at least annually.

Kinepolis has a Security & Compliance Officer, supported by various external consultants who continuously test the security of Kinepolis' ICT systems. For example, Kinepolis has been working together with Intigrity for several years now. Intigrity is a bug bounty platform that brings together ethical hackers to identify vulnerabilities on behalf of the company, so that Kinepolis can tackle them as quickly as possible. Kinepolis also applies a strict code for external partners with regard to cyber security.

A FILM PROGRAMME FOR EVERYONE

Kinepolis is committed to having a film programme for various target groups at all times, including social (such as ethnic or cultural) minorities. In addition to blockbusters, Kinepolis programmes and promotes many local and multicultural films and has developed its own successful cultural programme, covering opera, ballet, art and theatre on the big screen. Kinepolis always tailors its programme to the audience of a given cinema, taking into account, among other things, demographic factors, regional identity and the cultural offer.

For example, Kinepolis programmes Bollywood blockbusters and Turkish hits in multicultural cities with large Indian and/or Turkish communities. In addition to Polish and Russian films, among others, experiments were also conducted with Chinese and Japanese films in 2019. Furthermore, films with regional themes and films by (often fledgling) filmmakers with strong regional roots are also given a platform in the relevant regional Kinepolis cinemas.

Canadian Film Spotlight

Landmark Cinemas Canada has a 'Canadian Film Spotlight' label for a carefully curated selection of Canadian films, highlighting titles from the Canadian Independent Film Series and other local distributors. The 'Spotlight' series featured 12 Canadian titles in 2019, along with 13 other Canadian films that were given wider release on the Landmark circuit. In order to promote local film culture, Landmark Cinemas also supported 17 local film festivals in 2019, across the regions where Landmark operates.

Local content

In Belgium, Kinepolis also invests in the production and promotion of local Flemish films through Kinepolis Film Distribution. Kinepolis indeed believes that supporting and producing local content is essential for the future of the cinema business and the local film culture. Kinepolis is also a partner of local film festivals in various countries.

NOISE STANDARDS

Protecting the hearing of our visitors is of the greatest importance to Kinepolis, and so the generally applicable national noise standards are strictly observed. In Europe, this means, among other things, that Kinepolis:

- calibrates all its cinemas every year;
- carefully checks the sound settings every two weeks;
- checks the maximum sound pressure level of the various programme types (such as the preshow and children's films);
- systematically adapts the volume to suit the type of programme and the size of the auditorium.

WHEELCHAIR ACCESSIBILITY

Kinepolis is committed to making as many theatres as possible accessible to wheelchair users. More than 90% of all Kinepolis theatres are accessible for people with limited mobility, and most of them have reserved wheelchair spaces. All recently-opened Kinepolis cinemas are 100% wheelchair accessible. In some cinemas, where not all the theatres are wheelchair accessible due to outdated infrastructure, Kinepolis ensures that films are screened in different auditoriums at different times, so that visitors with limited mobility are able to see all the films. Kinepolis always provides clear information on whether theatres have wheelchair access, both online and on

site. When booking online, wheelchair-accessible seats are clearly marked on the theatre plan, so that customers can reserve these places in advance when purchasing their ticket.

ACCESSIBILITY FOR PEOPLE WITH VISUAL OR AUDITORY IMPAIRMENT

In line with the jurisdiction in France, Kinopolis has installed the Twavox system in all its French cinemas, which enables people with visual or auditory impairment to adjust (i.e. increase or even out) the sound to meet their needs using an app on their smartphone and a pair of headphones. People with visual impairment can also make use of an audio description.

Kinopolis launched the 'Whatscine' cinema app in Spain in 2017. The Whatscine app offers users a choice between audio description, subtitles and sign language on their smartphone, perfectly synchronised with the action on the screen, enabling everyone with impaired hearing or sight to enjoy the latest films. In this way, Kinopolis wants to promote the accessibility of cinema for everyone. The app has been available in all Spanish Kinopolis cinemas from 2018. 10 000 visitors made use of this app in 2019.

Kinopolis will evaluate the use of the above-mentioned systems with a view to a possible further rollout in its European cinemas.

In 2020, Landmark Cinemas Canada will further support movie lovers with audiovisual impairment by updating its existing 'Fidelio' and 'CaptiView' systems across 28 cinemas and installing them in all Landmark cinemas. Fidelio is a wireless storyline audio system adapted for both the visually and hearing impaired, and CaptiView is a closed captioning system for the hearing impaired or the deaf.

MOBILITY

In order to avoid traffic problems around its multiplexes, Kinopolis encourages the use of alternative means of transport. Customers are informed as well as possible on the different ways of getting to the cinema. Most Kinopolis sites offer covered cycle parking facilities and the site is made accessible and open to public transport where possible. In 2019, work continued on a spacious, covered bicycle parking facility in Ghent, and Kinopolis participated in a broad campaign in Antwerp to promote a new tram line that stops at the cinema. Recent postcode research in Belgium showed that 40% of Belgian Kinopolis visitors come by public transport, on foot or by bicycle. In student cities such as Leuven or Ghent, this rises to more than 60%.

SOCIAL ENGAGEMENT INCLUSIVE PROGRAMMING POLICY

Inclusive programming policy

Kinepolis is aware of its sociocultural responsibilities and is committed to creating a film programme that reflects the diversity of today's society.

Kinepolis' multicultural programming and special screenings for senior citizens are concrete examples of its inclusive programming policy, with attention for all social target groups.

Within its B2B activities, Kinepolis has also created a schools programme, in which attention is given to current topics in the curriculum, with films being offered together with an educational dossier.

Schools can benefit from discounted prices in this respect. Indeed, films can be a catalyst for discussion (for example, about subjects such as 'Anti- Bullying Week' and 'Safe Internet Day', etc.) or can introduce children to another language or culture (e.g. 'Cinéperles', for immersion in French language and culture).

Community Involvement

Kinepolis also wants to accept its social responsibilities and increase its social engagement by supporting charities via sponsoring, patronage, organising or supporting benefit campaigns, or by stimulating social employment. In 2019, Kinepolis supported various projects, such as Rode Neuzen (Red Noses), KickCancer, Minor-NDAKO, the '1000 km of Kom op tegen Kanker (Stand Up to Cancer)', the 'Warmest Week' and the climate initiative 'Sign for my Future' in Belgium, the Cadena100 cancer benefit in Spain, the Stichting Bio (Bio Foundation) in the Netherlands, 'Le Secours populaire' in France and Kids Help Phone in Canada.

Toy Story 4 campaign for the benefit of 'Le Secours Populaire'

In 2019, Kinepolis France supported 'Le Secours populaire' with various promotions throughout the year. During the summer, Disney and Kinepolis teamed up on the occasion of the release of Toy Story 4. A Toy Story camper van that visited seven Kinepolis cinemas across the country highlighted the holiday campaign of Le Secours Populaire, to remind the public that 1 in 3 children never goes on holiday. Each day that the camper van visited a cinema, € 1 for each Toy Story 4 ticket bought in the respective cinema was donated to Le Secours Populaire as part of the 'Journées des oubliés de vacances'. Both Disney and Kinepolis also distributed the promotional spot for this campaign through their channels. In this way, Kinepolis and Disney managed to give 500 children a great holiday.

Kinepolis France also organised an event at Christmas for the benefit of Le Secours Populaire, this time to give 300 children a magical Christmas. During the 'Journée Ciné solidaire' on December 24, € 0.5 per ticket sold in all French Kinepolis cinemas went to the 'Pères Noël verts' campaign of Le Secours Populaire.

Kinepolis Netherlands supports Stichting BIO

Since 2019, Kinepolis Netherlands has been making it easy for everyone to donate to the Stichting Bio (Bio Foundation). At all 18 locations, visitors at the ticket and shop cash desks can choose themselves whether to round up their purchase amount by simply donating their 'change' to Bio via Kinepolis.

Stichting Bio was founded by the Dutch cinema industry in 1927 and owes its name to it. The Foundation is committed to offering children with disabilities a relaxing holiday, such as in the Bio Vakantieoord in Arnhem. Campaigns are also occasionally organised around a specific film, with part of the income going to this charity.

Landmark partner of Kids Help Phone

For many years, Landmark Cinemas has been a loyal partner of Kids Help Phone, Canada's only national helpline that is providing professional support and information to young people 24/7. Landmark supports the organisation through cinema promotions and fundraising, culminating in the Spring Movie Break programme and national sponsorship of the 'Walk So Kids Can Talk', a national event that takes place annually in May. With the help of movie lovers, Landmark Cinemas donated 130 000 Canadian dollars in 2019 to promote the mental health and wellbeing of young people across Canada. Landmark also supported Kids Help Phone initiatives through screen and web advertising worth 340 000 Canadian dollars.

6.4. OUR PEOPLE

Every day, 4 600 employees are committed to providing millions of moviegoers with an unforgettable movie experience.

Kinepolis is aware that the talent and commitment of its employees is the driving force behind its success.

OUR HR POLICY: 'PLUS EST EN NOUS'

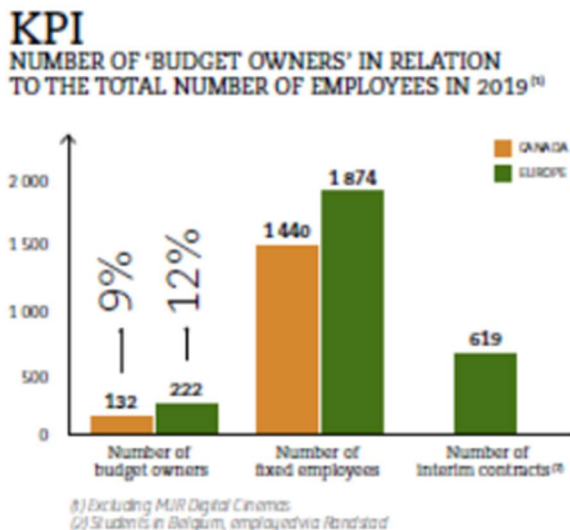
The 'Ultimate Movie Experience' begins and ends with the people who make their contribution every day, in front of and behind the screens. Kinepolis therefore aims for sustainable growth by attracting, nurturing and developing talent. The Kinepolis Human Capital policy focuses on:

- attracting competent employees with the right attitude, in line with the behavioural values of Kinepolis;
- retaining and developing committed and motivated talents by creating an optimal working environment, in which:
 - Everyone is able to optimally use and develop his or her talents;
 - The Kinepolis values are put into daily practice;
 - Opportunities for further growth are offered at a personal and/or professional level;
 - Each employee can contribute to the further development of the company and its products.

Employee participation and entrepreneurship are stimulated to the maximum and are facilitated in two ways:

- Kinopolis wants to be a 'self-learning' organisation, by giving as many people as possible responsibility for departmental targets and budgets and encouraging them to show initiative and learn from each other.
- Regardless of their level in the organisation, employees are encouraged to constantly question accepted wisdom, to actively listen to customers, to think outside the box and to show initiative and enterprise in their job and beyond. In this way, Kinopolis wants to be, next to a self-learning organisation, a 'self-innovating' organisation as well. The Kinopolis Innovation Lab was set up in this context in 2016 (see further).

By enabling its employees to internalise the self-learning and self-innovating corporate culture and to create a working environment that facilitates the development of talent, Kinopolis aspires to get the best out of its employees under the motto 'Plus est en nous'.



EVALUATION OF OUR POLICY

Kinopolis wants to give as many employees as possible responsibility for departmental targets and budgets, enabling them to actively contribute to the continuous improvement of Kinopolis' business operations. This bottom-up approach is part of the DNA of Kinopolis, and is illustrated by the number of 'budget owners' in relation to the total number of employees.

2019 was the first year in which all the Canadian cinema teams participated in the 5% exercise (the improvement plan for 2020) after the principle of budget ownership was introduced in all the cinemas. In this way, the Landmark teams, like their European Kinopolis colleagues, also looked for improvement potential themselves, using the processes, reporting and KPIs provided by Kinopolis. The theatre managers involved now fully understand Kinopolis' strategy and self-learning corporate culture and are enthusiastic about their 2020 plans, which incorporate their own innovative ideas, as well as best practices from Europe.

KINEPOLIS VALUES

'Client Focus', 'Teamwork', 'Operational Excellence', 'Flexibility' and 'Hands-On' are the behavioural values that every Kinopolis employee works hard to put into practice. Putting the customer first, working together constructively with a common goal in mind, performing your job correctly and efficiently, dealing flexibly with changes and with a sense of initiative and entrepreneurship: everyone is expected to implement each of these aspects individually and as a team. Kinopolis uses a 'Hire for attitude' policy for new recruitments: the right attitude is more important than the right diploma. Kinopolis is prepared to invest more in the training of new employees, as long as the behaviour and attitude of the candidates are in line with the values of the company.

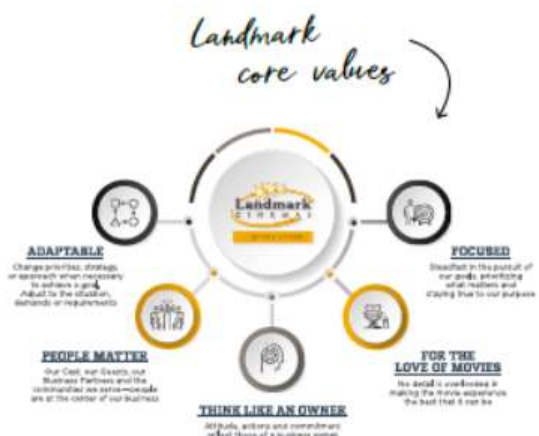
The Landmark core values fit seamlessly with these Kinopolis values, but have a different form and formulation today.



PEOPLE SATISFACTION INDEX

Kinopolis measures employee satisfaction every year by means of a People Satisfaction Index (PSI) survey. In Canada, this is called the Employee Engagement Survey, or EES. Employees are invited, completely anonymously, to share their experience of Kinopolis (or Landmark) as an employer, indicating what they like and what they feel could be improved. The results are then discussed with the team, and translated into concrete actions. In 2019, 85% of European Kinopolis employees participated in the survey, an increase of 3 percentage points compared to 2018, and the overall satisfaction improved slightly from an already very high level of satisfaction in the previous year.

97% of the employees in Canada took part in the Engagement Survey.



The five statements that were given the **highest scores** in Europe (PSI) in 2019 are:



1. My direct line manager is available for me



2. I am able to work in a customer-friendly way



3. I know what's expected of me



4. I have confidence in the future of Kinopolis



5. It is pleasant at work, I experience a positive atmosphere

The five statements that were given the **highest scores** in Canada (EES) are:



1. I feel myself valued and respected as an employee of LMC



2. I'm happy to come to work, there's a positive, friendly atmosphere



3. I have confidence in my managers



4. I have had an assessment interview in the last 12 months



5. I have all the means I need to carry out my job well

KINEPOLIS ACADEMY

Training – for every employee – is another important aspect of the Human Capital policy. The 'Kinopolis Academy' helps employees develop their personal skills, including through e-learning. Many training courses are organised on the work floor, with more senior employees assuming a coaching role to help new employees during their on-boarding process. There are also personal coaching programmes for managers, and 'Insights Discovery' training courses have been organised for teams since 2017. A total of 19 Insights training courses were given to teams in Belgium, the Netherlands and France in 2019.

An updated digital 'Kinopolis Academy' was introduced in Europe in 2019, with various new e-learning modules and training programmes at various levels (Star(t)s, Professional, Lead and Develop).

Star(t)s training courses relate to general modules for new employees (e.g. Safety, K-Values, GDPR), the 'Professional' module contains job-specific training, 'Lead' offers training for novice and experienced managers, and 'Develop' focuses on personal development needs, such as language training or an individual coaching process. In 2019, more than 1 200 e-learnings were being followed on the new platform, which only gives a limited picture given the phased roll-out in the various countries. More complete reporting will be possible from 2020.

In 2019, Landmark focused on an updated Health & Safety training course for its employees, and a new training course for employees who serve alcohol to visitors during their work. Landmark's senior leadership team participated in a leadership development programme in 2019 and – after a positive evaluation – decided to expand this further in 2020.

TALENT FACTORY

Every Kinopolis employee has a formal assessment interview meeting with his or her manager at least once a year. The performance of the person concerned is assessed, and personal objectives for the coming year are discussed. Employees and managers are coached and encouraged to conduct this discussion openly and to discuss both short- and long-term ambitions and development needs.

TALENT ON THE MOVE

Erwin Six

After 12 years of operational experience in Kinopolis Brussels and Braine-L'Alleud, and 3 years of project management at the start-up of Kinopolis Netherlands, Erwin Six moved to MJR Digital Cinemas in Michigan (USA) in December 2019. With his extensive Kinopolis experience, he will assist the US team as Integration Support Manager. In this new role, Erwin will supervise the integration of the recently acquired American group, a fine example of how personal development can be in line with the growth and further development of the organisation.

TALENT ON THE MOVE

Kelly Ruel_Allen

In 2019, Kelly Ruel-Allen was promoted to Theatre Manager of the Landmark Cinema in St. Catharine (Pen Centre Mall, Canada). Kelly was previously responsible for In-theatre Sales and is taking along her 25 years of experience from previous positions within the food & beverage sector.

Chris Ciolfi

Chris Ciolfi started his career tearing tickets in the same cinema (St. Catharine), and then worked in various positions in different Landmark cinemas. After a period as Theatre Manager at Landmark 6 Hamilton, he took on the role of Regional Operations Support Manager in 2019, where he supports various Landmark cinemas using his operational knowledge and experience



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**KINEPOLIS EMPLOYEES
HAVE RECEIVED
PROMOTIONS IN 2019
(BENELUX & SPAIN)**

M / F



48%

52%



**AGE
DISTRIBUTION ⁽¹⁾**

2%

+ 55 Y

7%

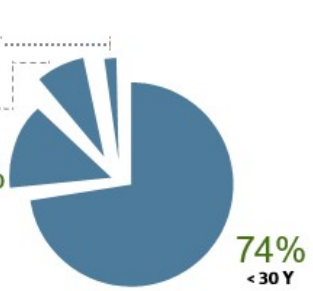
45-55 Y

17%

31-44 Y

74%

< 30 Y



(1) In Canada, which represents a large volume of employees, 84.7% of the employees are under 31 years of age.

Under the name 'Talent Factory', Kinopolis offers a framework and toolset to identify and coach talents and as such, further develop its human capital. Talents within the company are identified with an eye to development and promotion possibilities, and job opportunities are always communicated internally. After all, internal mobility leads to greater employee engagement and employability. 'Talent reviews' are organised with managers throughout the year in order to identify and highlight the talent and development of their employees. In open dialogue with their line managers, employees are encouraged to give their input regarding their own career. Kinopolis wants to highlight internal mobility, with the aim of motivating and inspiring employees, through an internal communication series 'Talent on the Move'.

SELF-LEARNING ORGANISATION

In its day-to-day operations, Kinopolis creates and stimulates learning networks through its so-called 'operating reviews', among other things. Here, employees in similar functions but from different cinemas talk to each other in order to gain new insights and to learn from each other. In this way, Kinopolis invests in a work environment that revolves around feedback and entrepreneurship.

As stated previously, a new organisational structure has also been implemented in Canada, as a basis for introducing and facilitating the self-learning corporate culture of Kinopolis.

SELF-INNOVATING ORGANISATION

With the introduction of the Kinopolis Innovation Lab, which encourages employees to submit innovative ideas and to then work them out together with a project team, Kinopolis aims to be both a self-learning and a self-innovating organisation. Everyone at Kinopolis – from student to manager – is encouraged to think outside the box and to dare to be 'entrepreneurial'. Every quarter, the best ideas are selected by an Innovation Lab jury, and teams are put together to flesh them out and implement them. In this way, the Innovation Lab also ensures that employees collaborate more across departments.

'Innovation Awards' are presented for the best ideas each year. And even when a project proves unsuccessful, the initiator is rewarded with an entrepreneur bonus. The Innovation Lab has not yet been introduced in Canada, but it is planned for a later stage.

HEALTH AND SAFETY OF EMPLOYEES

Kinopolis has always been committed to ensuring a safe working environment and takes appropriate measures to ensure that all activities, such as replacing projector lamps and maintenance work on technical installations and screens, are carried out as safely as possible. Possibility of an annual flu vaccination. The head office in Ghent is currently being renovated with a view to further optimising the working environment for the growing organisation.

CONSTRUCTIVE DIALOGUE WITH SOCIAL PARTNERS

Based on the governance framework, Kinopolis aims to achieve a social dialogue and a long-term relationship with its employees and/or involved external employee organisations in all countries. In consultation with the social partners, Kinopolis wants to find the best solution(s) for both employees and the company in the field of social dialogue, social relations and safety, with due consideration for the legal obligations. An example of this is the flexible remuneration system developed for Belgian employees in response to the index rise in 2017.

DIVERSITY

Kinopolis has respect for the individuality of each of its employees and is committed to giving everyone equal opportunities. Kinopolis endeavours to mirror the diversity of society in its workforce, with regard to age, gender, origin and so on.

KINEPOLIS AS THE FIRST WORK EXPERIENCE FOR STUDENTS

Kinopolis employed 1 240 students in Belgium in 2019. These students commit themselves to work in the cinema on at least one weekday and one weekend day per week. The duties vary: from working at the cash desk or in the shop, through cleaning to coordinating events. Kinopolis thereby provides hundreds of young people with a first work experience and guides them in acquiring many professional skills, such as working in a team and bearing responsibility. Many of them stay with Kinopolis for years and there are numerous examples of students who have signed a permanent contract and have a rewarding career at Kinopolis.

STUDENT AT KINEPOLIS ANTWERP MASOUDY ANISSA

"It's a job with lots of variety and the atmosphere on the work floor is always good and pleasant. You work in a team and everyone helps everyone where necessary."

STUDENT AT KINEPOLIS ANTWERP MEHIC SEJL

"The cooperation within Kinopolis is always good. You get to know many great colleagues and you never have the feeling that you're on your own. There are also some nice friendships, and the work is pleasant, because there's a lot of variation. The big advantage is that we can choose our days off ourselves and the communication runs smoothly. If a problem arises, it's resolved very quickly."

6.5. CARE FOR THE ENVIRONMENT

GREEN STAR POLICY

Kinepolis seeks to limit its environmental footprint as much as possible by means of its 'Green Star' policy (introduced in 2011).

The Kinepolis 'Green Star' policy is based on the following principles:

- A sustainable design and execution of new construction projects;
- Sustainable renovation of existing cinemas;
- The application of water- and energy-saving techniques;
- Sustainable cinema technology;
- The promotion of mobile ticketing and the pursuit of a ticketless customer journey;
- Limiting waste and raising awareness about waste sorting.

The main objective of the above-mentioned policy measures is to systematically optimise, or at least hold the level of energy consumption in check. As a Key Performance Indicator, Kinepolis has been measuring the evolution of the energy consumption within the Group (expressed in kWh/m²) since 2019. Reporting for 2019 is limited to Kinepolis Europe. Full reporting including Landmark Cinemas Canada is expected from 2020.

In support of the above policy, Kinepolis has recently engaged an external consultant, who will exclusively deal with energy audits and further optimisation of the energy consumption of the Group.

SUSTAINABLE REAL ESTATE

In addition to the comfort of visitors and employees, the green parameters are also central elements in both the design of new complexes and the renovation of existing ones. Kinepolis aims to minimise its ecological footprint through its choice of energy sources and building materials.

KPI

ENERGY CONSUMPTION OF KINEPOLIS GROUP ⁽¹⁾ IN 2019

In kWh/m ²	2017	2018	2019
Belgium	171.55	169.95	160.92
The Netherlands	N/A	N/A	158.17
France	N/A	N/A	162.88
Spain	101.43	99.60	107.24 ⁽²⁾
Luxembourg	N/A	N/A	192.30

(1) Excluding Landmark Cinemas Canada and MJR
 (2) The increase is explained by the addition of El Punt cinemas, with lower energy performance.

The following Green Star principles are applied for new-build projects:

- The use of certified materials and techniques with a limited ecological impact;
- Adaptation of systems to sustainable sources of energy, such as geothermal heating systems in Utrecht, Dordrecht and 's-Hertogenbosch;
- Where possible, cinema complexes are supplied with renewable energy (by entering into green power contracts);
- Standard choice for LED lighting;
- Simplicity of maintenance, an important factor in the total cost of ownership (sum of construction plus operating costs);
- Focus on multifunctional spaces for various types of use, without major alterations;
- Efficient wall and roof insulation;
- Aiming to obtain a sustainability certificate for new-build projects (such as GPR in the Netherlands);
- Installing water-saving technology in sanitary areas.

Renovations are often the ideal opportunity to implement additional measures, such as:

- The installation of additional insulation during roofing work;
- The insulation of the parking spaces under the theatres;
- The use of water-permeable asphalt when renovating parking lots in order to take advantage of the absorption capacity of the soil;
- The installation of rainwater tanks for the collection of surface water (e.g. the installation of a rainwater collector with a capacity of 60 000 litres in the underground car park of Kinopolis Leuven in 2019);
- The installation of updated control systems for heating and cooling (for example, BaOpt and Optivolt);
- Replacing the existing floors in our shops with Gerfloor, a 100% recyclable PVC flooring that is free from formaldehyde;
- Installation of water-saving technology in sanitary areas.

GPR certification for new cinemas

Kinopolis is aiming for GPR certification for all new-build projects in the Netherlands. GPR provides an insight into the sustainability of real estate, based on five criteria: Energy, Environment, Health, Quality of Use and Future Value. Each aspect is graded from 1 to 10, and the CO₂ emission is also measured. Kinopolis Dordrecht (which opened in 2016) and Kinopolis 's-Hertogenbosch (which opened in 2018) presented an excellent report in all areas and received GPR certification.

Solar panels for Kinopolis 's-Hertogenbosch and Kinopolis Braine-L'Alleud

Kinopolis 's-Hertogenbosch has had a photovoltaic installation since the beginning of 2019. Solar panels were also installed on the roof of Kinopolis Braine-L'Alleud in the first quarter of 2020. This installation will lead to estimated energy savings for the involved cinema complexes of 20 to 25%. The installation of solar panels will also be evaluated for other cinemas, where appropriate (an evaluation is ongoing for the cinemas in Breda, Utrecht, Madrid and Granada, among others).

Application of advanced energy-saving techniques

Kinepolis has been able to reduce power consumption year after year through the intensive monitoring and adjustment of its technical systems. Kinepolis systematically measures and assesses power consumption in its cinemas and, where possible, takes steps to reduce the consumption further. In Kinepolis Dordrecht and Kinepolis 's-Hertogenbosch, for example, the air treatment installation was fitted with a frequency controlled variable pressure system. This is a revolutionary control technology that achieves a much more natural and pleasant indoor climate, while consuming up to 40% less energy compared to traditional air-conditioning systems. Kinepolis will now opt for this technique as standard for new-build cinemas.

OPTIVOLT

In January 2017, Kinepolis used the Optivolt systems for the first time to reduce power consumption at Kinepolis Antwerp by eliminating inefficient power consumption. After a positive evaluation, almost all Belgian and several Dutch Kinepolis cinemas were equipped with, among others, Optivolt V-Liners en Multiliners in 2017 and 2018. Optivolt works together with engineers to ensure that the control systems in existing buildings work as efficiently as possible and neutralise the peaks in power consumption. A significant reduction in power consumption can be achieved by setting up the systems to work efficiently, paying particular attention to the interactions between them. Peak capacities have thereby been reduced by around 20%.

In addition, Kinepolis has been deploying Optivolt energy-saving systems in Belgium and the Netherlands since the beginning of 2017 (see box). The roll-out of Optivolt in French cinemas (Nîmes and Lomme) started in 2019. Similar systems were already installed in all cinemas in Spain in 2018, albeit working together with another supplier.

In Canada, the Landmark team started implementing several energy-saving measures in 2019, and these will be rolled out further in 2020. These include switching to LED lighting, presence sensors, variable-speed HVAC drives and better building automation and control systems. The above-mentioned measures have already been implemented in most, if not all, European cinema complexes; these are practices that have now become common in Europe.

Kinepolis continues to look for ways to reduce its energy consumption. For instance, the heat generated in the projection booths is being used to heat the foyers, where possible. Another example is the switch from open to closed popcorn warmers. Closed popcorn warmers consume between 30% and 60% less power than open ones. Kinepolis has replaced dozens of popcorn warmers every year since 2017. Some 30 open popcorn warmers were also replaced by the closed version in 2019.

Saving water

Kinepolis is also mindful of its water consumption and is implementing various measures to reduce water consumption and prevent waste. Ipee technology was installed in the toilets at several cinema complexes, for instance. These are smart sensors that adjust the flushing after every use, in order to ensure optimal hygiene without wasting water. In recent years, Kinepolis has also replaced the traditional washbasins in most complexes with automatic, water-efficient taps based on optical detection.

SUSTAINABLE TECHNOLOGY

Laser projection

An important step in the sustainability policy of Kinepolis was the digitisation of the projection systems. This technological evolution has made the chemical production of film celluloid and the transport of voluminous film rolls redundant. Projection technology has taken a step further in the meantime, and Kinepolis has opted for laser projection overall. In June 2018, the cinema group signed an agreement with Cinionic, Barco's cinema joint venture, to equip approx. 300 screens with Barco laser projection by 2021. This includes both installations in new-build cinemas and replacements of older models in existing complexes.

Laser projectors guarantee sublime image quality while also using 30 to 40% less energy than xenon lamp projectors. Moreover, the absence of lamps also reduces the need for cooling, and lamp replacement is, of course, now a thing of the past.

At the end of 2019, Kinepolis had more than 200 screens with laser projection, providing an energy saving of 1.8 MWh on an annual basis. Due to the relatively new projection systems in the Landmark cinemas, we have not yet proceeded with a broad replacement of the current projection systems with laser projectors in Canada. The cinemas that were newly opened in 2019, however, are fully equipped with lasers, including a laser ULTRA screen.

Online and mobile ticketing

The increasing importance of online and mobile ticket sales also reduces the ecological impact of operations. Some years ago, Kinepolis was one of the first cinema operators to introduce numbered and reserved seating, thereby stimulating the sales of online tickets. 42% of the tickets are purchased online or via the app in Europe, and 55% in Canada. With mobile ticketing, customers can purchase tickets on their smartphone or tablet, and don't need to print them out to go to the cinema. Customers who purchase tickets at the ticket machines in European cinemas can also enter without a printed ticket.

WASTE SORTING

Kinepolis has always made efforts to limit waste and to ensure the specialised removal of waste flows.

The company tries to minimise waste wherever possible. One example of this is the replacement of the automatic hand towel rolls in sanitary areas with electrical drying systems. When seats are renovated, the cushions are only replaced if worn. Where possible, they are covered with new fabric.

In addition, visitors are constantly asked to pre-sort their waste. Separate receptacles at the entrances and exits of the theatres, and in the foyer, facilitate this waste collection, which is picked up and processed by specialised companies. Information on waste sorting is repeated in the pre-show (screen announcements ahead of the film). The rules and the recycling possibilities vary from country to country. In Canada, for example, a distinction is currently only made between paper/cardboard and other waste.

Waste sorting trial project together with Fost Plus

Fost Plus has been working with Kinopolis Belgium for many years to sort waste within the walls of cinema complexes and theatres. No less than 54 tons of PMD were selectively collected in 2018. As part of a test project at the end of October 2019, the selective collection of PMD was extended to the outdoor environment, namely the cinema car parks, in Hasselt. At the exits and in the parking lot, visitors are reminded of the need to sort their waste.

If the results of this project are positive, there will be an extension to the other locations. Test projects are also ongoing for the separate collection of PET in the Netherlands (in Emmen and Groningen in 2019), in collaboration with, among others, the Environmental Service Netherlands.

In-theatre Sales goes for sustainable solutions

In addition to replacing the open popcorn warmers with the closed version (see earlier), Kinopolis switched to paper drinking straws in its Belgian cinema complexes, and the plastic candy bags were replaced by a paper version. The plastic nacho trays will be replaced by trays made from (fully-compostable) sugar cane in 2020

In general, at national level, Kinopolis is aiming to enter into partnerships in order to come up with sustainable solutions together. Regular discussion partners include, among others, Coca Cola and waste-processing companies, but also cities and municipalities and sustainability groups. For example, Kinopolis is an active member of the Green Business Club Utrecht Central, which is looking for opportunities to bundle the logistical flows of companies in the station area, and thereby reduce the emissions from trucks.

Close the gap

Kinopolis donates written-off computers, laptops and servers to 'Close the Gap', an organisation that gives such material a second life in developing countries. In this way, we do our part to give as many people as possible access to technology and education. Together with Close the Gap, we ensure that the hardware also returns to Europe afterwards, where it is broken down in an ecological way. Kinopolis' old IT hardware is given a new life in developing countries, including Malawi, thereby offering young people additional opportunities.

6.6. INTEGRITY IN BUSINESS

KINEPOLIS ANTI-CORRUPTION AND BRIBERY POLICY

Kinepolis pursues a stringent anti-corruption and bribery policy:

- Kinepolis prohibits the offering and/or payment of bribes to government employees (or the acceptance of such);
- Kinepolis prohibits the direct or indirect offering, promising, payment, demand or acceptance of bribes or other unlawful benefits in order to obtain or retain contracts or illegal advantages. Kinepolis also does not wish to be connected with money laundering in any way whatsoever;
- Kinepolis carries out business exclusively with partners who operate with integrity, and who cannot be associated with fraud in any way.

Kinepolis pursues such a stringent policy based on the conviction that, aside from the unethical aspect, corruption and bribery will ultimately result in irreparable reputational and economic damage to the company and its stakeholders.

POLICY MEASURES

This policy is explicitly described in the Kinepolis Code of Conduct, which every permanent employee receives when entering employment and is requested to sign. Furthermore, all managers must make a formal declaration every year that they have complied with the stipulations of this code of conduct (including the above policy).

KPI
% OF EMPLOYEES WHO HAVE SIGNED
THE CODE OF CONDUCT IN 2019 ⁽¹⁾



(1) Attached to the employment contract and signed by every new employee.

In addition, the Kinepolis management is made particularly aware of the anti-corruption and bribery policy through compulsory training courses on risk management and control measures. Employees are encouraged to immediately report any potential risk situations to their line manager, either making use of the formal 'whistleblower' procedure or not, so that they can be handled appropriately.

Breaches of the Code may lead to sanctions in accordance with the employment regulations and/ or laws of the country in question.

RESPECT FOR HUMAN RIGHTS

Kinepolis endorses the Universal Declaration of Human Rights as adopted by the United Nations and endeavours to comply with it in all aspects of its operational management. On the one hand, these rights are guaranteed by compliance with the laws of the countries in which Kinepolis currently operates, and, in addition, respect for human rights is an important criterion for Kinepolis when seeking and selecting potential partners, suppliers and materials.

Aside from the unethical aspect of such conduct, the failure to respect human rights could cause irreparable reputational and economic damage to the company and its stakeholders.

7. CORPORATE GOVERNANCE STATEMENT

The governance structure of the company, and more specifically the role and responsibilities, composition and functioning of the Board of Directors, its advisory Committees and the Executive Management are described in the Corporate Governance Charter (the 'Charter'), a revised version of which was adopted by the Board of Directors on 8 May 2018, using the Belgian Corporate Governance Code 2009 (the 'Code 2009') as a reference code.

During the course of the fiscal year 2020, the Board of Directors will revise the Corporate Governance Charter in light of the new Belgian Corporate Governance Code 2020 (the '2020 Code') but is already applying these new governance rules as far as possible, whereby the aim to ensure long-term sustainable value creation for all stakeholders is central.

This chapter of the annual report provides more factual information on the Corporate Governance policy pursued in the fiscal year 2019, whereby the goal, wherever possible, is to apply the principles resulting from this charter without affecting the unique character of the company. Where necessary, the required explanation of the deviations from the Code is given, in accordance with the 'comply or explain' principle.

The Charter can be consulted on the Investor Relations website of Kinopolis Group.

7.1. SHARE CAPITAL

The share capital on 31 December 2019 amounted to € 18 952 288.41, and was represented by 27 365 197 shares, without mentioning a nominal value, all of which give the same rights to the holders.

On 31 December 2019, Kinopolis Group held 492 346 treasury shares, with a capital value of € 340 983.58.

7.2. RIGHTS TO NOMINATE CANDIDATES TO THE BOARD OF DIRECTORS

According to the articles of association, eight directors can be appointed from among the candidates nominated by 'Kinohold Bis', a limited company under the laws of Luxembourg, insofar as it or its legal successors, as well as all entities directly or indirectly controlled by (one of) them or (one of) their respective legal successors (within the meaning of Article 1:20 of the Belgian Companies and Associations Code (the 'BCAC')), solely or jointly, hold at least thirty-five per cent (35%) of the shares of the company at the moment the candidate is nominated, as well as at the moment of appointment by the General Meeting, on the understanding that, if the shares held by Kinohold Bis SA or its respective legal successors, as well as all entities directly or indirectly controlled by (one of) them or (one of) their respective legal successors (within the meaning of Article 1:20 of the BCAC) represent less than thirty-five per cent (35%) of the capital of the company, Kinohold Bis SA or its respective legal successors shall only be entitled to nominate candidates to the Board of Directors for each group of shares representing five per cent (5%) of the capital of the company.

7.3. SHAREHOLDER AGREEMENTS

No shareholder agreements are known within the company that could restrict the transfer of securities and/or the exercise of voting rights in the context of a public acquisition bid.

7.4. CHANGE OF CONTROL

The Credit Agreement concluded on 15 February 2012 between Kinopolis Group NV and some of its subsidiaries on the one hand, and BNP Paribas Fortis Bank NV, KBC Bank NV and ING Belgium NV on the other, and as amended and renewed several times, lastly on 16 December 2019 with the addition of Belfius Bank, provides that a participating financial institution can terminate its participation in the relevant agreement, whereby its relevant part of the loan becomes immediately due and payable, if natural or legal persons other than Kinohold Bis (or its legal successors) and Mr. Joost Bert, acquire control (as defined in the Credit Agreement) of Kinopolis Group NV.

The General Terms and Conditions of the Listing and Offering Prospectus dated 17 February 2012 with regard to a bond issue in Belgium also provide that, in the case of a change of control (as defined in the Prospectus), any bond holder shall have the right to oblige Kinopolis Group NV to repay all or a part of his/her bonds under the conditions set forth in the Prospectus. This Prospectus can be consulted on the Investor Relations website of Kinopolis.

The General Terms and Conditions of the Prospectus dated 12 May 2015 regarding an Unconditional Public Exchange Offer with respect to the above-mentioned bonds also provide that, in the event of a change of control (as defined in the Prospectus), each bond holder will have the right to oblige Kinopolis Group NV to repay all or a part of his/her bonds under the conditions set out in the Prospectus. This Prospectus can also be consulted on the Investor Relations website of Kinopolis Group.

Finally, the General Terms and Conditions dated 16 January 2015 regarding the private placement of bonds with institutional investors to the amount of € 96.0 million, as well as the General Terms and Conditions dated 5 December 2017 regarding the private placement with institutional investors to the amount of € 125 million, and the General Terms and Conditions dated 5 July 2019, with regard to the private placement with institutional investors to the amount of € 225 million, contain clauses regarding the case of a change of control that are identical to those defined in the above-mentioned Prospectus.

7.5. SHAREHOLDER STRUCTURE AND RECEIVED NOTIFICATIONS

Based on the notifications received within the framework of Article 74 of the Public Acquisition Bids Act of 1 April 2007 from Kinopolis Group NV, Kinohold Bis SA, Stichting Administratiekantoor (Administration Trust Office) Kinohold, Joost Bert, Koenraad Bert, Geert Bert and Peter Bert, acting by mutual agreement (either because they are 'affiliated persons' within the meaning of Article 1:20 of the BCAC or there is mutual consultation between them) collectively hold more than 30% of the voting shares of Kinopolis Group NV, from subsequent transparency statements (within the framework of the Act of 2 May 2007 and the Royal Decree of 14 February 2008 regarding the disclosure of major holdings) and from announcements within the framework of the share buyback programme, as of 31 December 2019:

- Kinohold Bis SA, held 12 700 050 shares, or 46.41% of the shares of the Company;
- Kinohold Bis SA is controlled by Kinohold, Stichting Administratiekantoor under Dutch law, which is in turn the object of joint control by the following natural person (in their capacity as directors of the Stichting Administratiekantoor): Joost Bert, Koenraad Bert, Geert Bert and Peter Bert;
- Kinohold Bis SA also acts in close consultation with Joost Bert;
- Kinopolis Group NV, which is controlled by Kinohold Bis SA, held 492 346 or 1.80% treasury shares;
- Mr Joost Bert, who acts in close consultation with Kinohold Bis SA (a company controlled 100% by him) held 492 218 shares, or 1.80% of the shares of the company.

The table below shows the situation based on the transparency statements received under the Law of 2 May 2007. Any amendments communicated since 31 December 2019 have been published in accordance with the provisions of the above-mentioned law and can be consulted at www.kinopolis.com/corporate.

SHAREHOLDERS' STRUCTURE AT 31 DECEMBER 2019

SHAREHOLDER	NUMBER OF SHARES	%
Kinohold BIS SA	12 700 050	46.41
Mr. Joost Bert	492 218	1.80
Kinopolis Group NV	492 346	1.80
Free Float, of which:	13 680 583	49.99
- Axa SA	1 376 397	5.03
- BNP Paribas Asset Management SA	1 368 974	5.00
- BlackRock Inc.	1 115 517	4.08
TOTAAL	27 365 197	100%

7.6. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Amendments may be made to the articles of association with due consideration for the stipulations in the BCAC.

7.7. BOARD OF DIRECTORS AND SPECIAL COMMITTEES

In light of the 2020 Code, the Board of Directors has thoroughly evaluated the management structures contained in the Code BCAC and has opted for the one-tier board structure as provided for in Articles 7:85 et seq. of the BCAC, as this best reflects the current and desired governance structure of the company.

COMPOSITION OF THE BOARD OF DIRECTORS

In view of a more compact, but also efficient Board of Directors with the necessary flexibility to adapt to events and opportunities on the market at all times, it was decided in 2019 not to fill the vacant directors' mandates with new directors, but to limit themselves to the reappointment of Marion Debruyne BV, with permanent representative Ms. Debruyne and 4F BV, with permanent representative Mr. Van Doorselaere, whose knowledge and experience will further allow the Board to keep an eye on the socio-economic, financial and social context in which the company operates.

The Board of Directors would like to thank Ms. Annelies Van Zutphen and Mr. Rafaël Decaluwé for their valuable contribution to the Board of Directors in recent years.

Since 8 May 2019, the Board of Directors therefore consists of eight members, seven of whom are non-executive directors and three of whom are to be considered independent of the reference shareholders and the management. As the new BCAC no longer stipulates that directors who have held three consecutive mandates can no longer serve as independent directors, the company considers Ms. Debruyne, who, since her reappointment in 2019, exercises her third consecutive mandate and has not been nominated on the proposal of the reference shareholders, as a de facto independent director since January 1 2020, as she meets all the criteria listed in Article 7:87 §1 of the BCAC and the 2020 Code. The other independent directors also fulfill the abovementioned criteria and were appointed on the recommendation of the Board of Directors, which was advised on this by the Nomination and Remuneration Committee. The reference shareholders did not exercise their nomination right with regard to these appointments.

Furthermore, the Board regularly reviews the criteria for its composition and that of its committees in light of ongoing and future developments and expectations and the risks to which the company may be exposed, as well as its strategic objectives. The Board thereby pays due attention to complementarity and diversity among its members, including gender and age diversity, while ensuring that a balance is maintained between innovation and continuity, in order that the acquired knowledge and history can be passed on efficiently within the Board and its committees, while still being able to keep a finger on the pulse of new social and other trends, both in the Board and in its committees.

The chairmanship of the Board of Directors is held by Pentascoop NV

¹ (1), with its permanent representative being Mr. Joost Bert, who, after a career of 20 years as CEO of the company, chose to continue his role within the company as chairman of the Board of Directors in 2018, which, taking into account his extensive knowledge and experience in the national and international cinema sector, makes him the right person to give the necessary support and advice to Mr Duquenne, in his role as CEO, as well as supporting the Board of Directors in conducting a high-quality dialogue with the shareholders, including the reference shareholders, and, consequently, to further contribute to sustainable value creation by the company, in which the long-term interests of all the stakeholders are central.

Mr. Philip Ghekiere, as vice-chairman, assists the chairman in the fulfilment of his mandate and will take over his role in the event of unavailability.

Contrary to Stipulation 2.9 of the Belgian Corporate Governance Code 2009, the Board of Directors has not appointed a secretary, as it believes these duties can be fulfilled by the Chairman, assisted by the Corporate Counsel, bearing in mind the limited size of the Company.

The table on the next page shows the composition of the Board of Directors, as well as the attendance record of the various directors with regard to the nine meetings that took place in 2019.

¹ Representing the reference shareholders

COMPOSITION OF THE BOARD OF DIRECTORS

NAME	POSITION	TERMS ENDS	OTHER POSITIONS AT LISTED COMPANIES	ATTENDANCE RECORD (9)
Mr Joost Bert, permanent representative NV of Pentascoop ⁽¹⁾	Chairman	2020	/	All meetings
Mr Philip Ghekiere ⁽¹⁾	Vice chairman	2020	/	8 meetings
Mr Eddy Duquenne ⁽²⁾	Managing Director/ CEO	2020	/	All meetings
Ms Sonja Rottiers, permanent representative of SDL Advice BV	Independent Director	2020	/	7 meetings
Ms Marleen Vaesen, permanent representative of Mavac BV	Independent Director	2020	Van de Velde NV: CEO	8 meetings
Mr Ignace Van Doorselaere, permanent representative of BV 4F	Independent Director	2021	/	8 meetings
Ms Marion Debruyne, permanent representative of BV Marion Debruyne	Director	2021	Ackermans & Van Haaren NV: Director	8 meetings
Mr Geert Vanderstappen, permanent representative of BV Pallanza Invest	Director	2022	Smartphoto group NV: Director	All meetings
<i>Mandate ended in 2019:</i>				
Ms Annelies van Zutphen, permanent representative of Van Zutphen Consulting BV	Independent Director	2019	/	2 meetings
Mr Rafaël Decaluwé, permanent representative of Gobes Comm. V.	Director	2019	Jensen Group nv: Chairman	1 meeting

(1) Representing the reference shareholders

(2) Executive director

ACTIVITY REPORT OF THE BOARD OF DIRECTORS

In addition to the duties assigned to the Board of Directors by the Companies Code, the articles of association and the Charter, the following items were handled on a regular basis:

- the review of the monthly commercial and financial results, together with the forecasts;
- the evolution of the customer and personnel satisfaction index;
- the evolution of the ongoing cinema and real estate projects;
- the discussion and decision-making regarding new expansion opportunities;
- the integration of the new complexes;
- the ICT policy, including the ICT security policy, and its implementation.

From the fiscal year 2020, the topic of 'Sustainable and socially responsible entrepreneurship' will be added to the agenda.

Appropriate attention was also given to, among other things, the following items during the fiscal year:

- the discussion and establishment of the profit and investment plan for the following fiscal year;
- the determination of the short-term and long-term strategy;
- the long- and short-term financing;
- the reports from the Nomination and Remuneration Committee and of the Audit Committee;
- the evaluation and establishment of the quantitative and qualitative management objectives for the CEO;
- the primary risks to which the Company can be exposed, and the measures taken to control them;
- the reappointment of the external auditor.

Other items, including human resources, ICT, external communication, investor relations, disputes and legal issues are addressed as needed or desired.

At least seven meetings are scheduled for the year 2020. Additional meetings may be held if needed.

COMPOSITION AND ACTIVITY REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

In accordance with the applicable governance rules, the company has just one joint committee, the Nomination and Remuneration Committee. This committee consists of the following non-executive directors, the majority of whom are independent directors with the necessary expertise and professional experience in the field of human resources, bearing in mind their previous and/or current business activities:

- Pentascoop NV, with Mr Joost Bert (Chairman of Kinopolis Group NV) as the permanent representative;
- 4F BV, with Mr Ignace Van Doorselaere, the CEO of Neuhaus, as the permanent representative;
- SDL Advice BV, with Ms Sonja Rottiers, the current CEO and executive director of Lloyds Insurance Company SA, as the permanent representative.

The Chief Executive Officer may attend the meetings of the Nomination and Remuneration Committee by invitation.

The Nomination and Remuneration Committee met three times in 2019 at the invitation of its chairman, and all members were in attendance.

The following topics were primarily discussed during these meetings:

- the evaluation of the 2018 management objectives for the CEO, and the determination of variable remuneration for the financial year 2018;
- the proposal of qualitative and quantitative management objectives for the financial year 2019 for the CEO, as well as the related variable remuneration;
- the evolution in the composition of the Board of Directors and the ensuing selection and nomination process for candidate directors;
- the discussion of the candidacies for directorships;
- the preparation of the Remuneration Report.

COMPOSITION AND ACTIVITY REPORT OF THE AUDIT COMMITTEE

In accordance with the applicable rules in this respect, the Audit Committee is composed exclusively of non-executive directors, the majority of whom are also independent.

The Audit Committee as a whole has the necessary expertise with regard to finance and audits, and is composed as follows:

- Pallanza Invest BV, with permanent representative Mr Geert Vanderstappen, who combines 5 years' experience as a Corporate Officer at Corporate & Investment Banking at the Generale Bank with 7 years of operational experience as financial director at the Smartphoto group NV, and who is currently Managing Partner at Pentahold;
- Mavac BV, with permanent representative Ms Marleen Vaesen, who, among other things, has held the position of CEO at Greenyard, and is currently CEO of the Van de Velde group;
- SDL Advice BV, with permanent representative Ms Sonja Rottiers, who, after having held the position of CFO and CEO at Dexia Verzekeringen and Axa Belgium, is currently the CEO and executive director of Lloyd's Insurance Company SA.

The Chief Financial Officer, the Chief Executive Officer, the chairman of the Board of Directors, the vice-chairman of the Board of Directors and the internal auditor attend the meetings of the Audit Committee.

The representatives of the reference shareholders may attend the meetings on invitation.

In 2019, the Audit Committee, under the chairmanship of Mr Geert Vanderstappen, met four times in the presence (or via representatives) of all members, and mainly dealt with the following items:

- discussion of the financial reporting in general, and of the annual single and consolidated financial report, the half-yearly financial report, and the related press releases in particular;
- discussion, establishment and monitoring of the internal audit activities, including discussion of the annual report of the Internal Audit department;
- discussion and evaluation of the internal control and risk management systems, as well as the annual 'risk-management action plan';
- evaluation of the effectiveness of the external audit process;
- evaluation of the work of the internal auditor;
- monitoring of the financial reporting and its compliance with the applicable reporting standards;
- discussion of the renewal of the mandate of the external auditor;
- discussion of the requirements for a new process software;
- update of the IFRS 16 impact analysis;
- discussion of the Non-Audited Services regulations;
- the evaluation of the functioning of the Audit Committee.

EVALUATION OF THE BOARD OF DIRECTORS, ITS COMMITTEES AND ITS INDIVIDUAL DIRECTORS

As part of the open and transparent manner in which the meetings of the Board and its committees are held, its operation and performances are constantly and informally evaluated during the meetings, as well as the interaction with the Executive Management, which is communicated in the same transparent manner.

Furthermore, a formal periodic performance review was organised in 2019, by means of extensive questionnaires covering the following topics:

- the composition of the Board of Directors;
- the procedure with regard to the nomination of directors;
- the activities of the Board and its committees;
- the quality of the information that is made available to the Board of Directors;
- the tasks of the Board of Directors and the areas that should be discussed regularly;
- the remuneration policy for the Board and the CEO;
- the individual contribution of each director;
- the interaction with the CEO and with the controlling shareholders.

DIVERSITY

The Board has three female members, representing more than one third of the Board of Directors, and therefore meets the legal requirement that at least one third of the members of the Board must be of a different gender than the other members.

In the coming years, the Board will not only focus its diversity policy on gender, skills and age, but will also give further attention to the international management experience of its directors, in order to enable the Board to keep a close eye on the social and economic context and structure in the various geographical areas in which Kinopolis Group operates.

The above-mentioned diversity goals were included in the selection process applied by the Nomination and Remuneration Committee and the Board of Directors when searching for potential directors and, among other things, have meant that the Board of Directors not only has three female directors, but is also made up of directors with complementary profiles in terms of competence, knowledge and experience, including international management experience.

7.8. EXECUTIVE MANAGEMENT

Following the resignation of Mr Bert as managing director, Mr Duquenne, as CEO, is the only member of the Executive Management. The Board of Directors is authorised to appoint additional members of the Executive Management. Given the above-mentioned composition and the fact that no executive committee has been set up within Kinopolis Group, no specific diversity policy applicable to the persons charged with day-to-day management has been developed, but the focus is generally placed on the required management and business experience, insights, skills and know-how needed to perform the function. The above-mentioned basic principle is applied throughout the organisation, regardless of the nationality, cultural background, age or gender of the employees.

7.9. INSIDER TRADING POLICY – CODE OF CONDUCT – TRANSACTIONS WITH AFFILIATES

The Dealing Code, approved in 2016 and updated in 2019, applies to the members of the Board of Directors, the Chief Executive Officer, persons closely related to the latter, and all other persons who might have inside knowledge. The Protocol is designed to ensure that share trading by the persons in question only occurs strictly in accordance with applicable EU and national rules, and in accordance with the guidelines issued by the Board of Directors. As the Compliance Officer, the Chief Financial Officer (CFO) is responsible for monitoring compliance with the rules on insider trading, as set out in this Protocol.

A Code of Conduct has also been in force since 2013, containing the appropriate guidelines, values and standards with regard to the ethical and fitting way Kinopolis wishes to treat employees, customers, suppliers, shareholders and the general public. In this document, the employees are reminded that any form of bribery is unacceptable and that personal gifts should not be accepted, except in the case of small gifts in line with generally accepted corporate practices. This corporate culture is applied at all times by all employees of the company.

The limited transactions with related parties, as included in Notes to the Consolidated Financial Statements, were conducted in complete transparency with the Board of Directors.

7.10. REMUNERATION REPORT

The company aims to provide transparent information to its shareholders and other stakeholders regarding the remuneration of the members of the Board of Directors and the Executive Management.

PROCEDURE FOR ESTABLISHING THE REMUNERATION POLICY AT THE LEVEL OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

Principles

The principles of the remuneration policy and remuneration level for the directors and Executive Management are included in the Corporate Governance Charter and will be evaluated in the 2020 fiscal year in light of the new 2020 Code.

The remuneration policy, which is determined by the Board of Directors on the recommendation of the Nomination and Remuneration Committee, is developed in such a way that the remunerations of the directors and the Executive Management are reasonable and appropriate enough to attract, retain and motivate persons meeting the profile established by the Board of Directors, with due consideration for the size of the Company and external benchmark data.

The remuneration for the Executive Management also ensures that the ratio between the fixed and variable part of the remuneration package is aligned with the practice of other comparable listed companies, and that the remuneration is in line with the market, taking into account the observed tasks, responsibilities and management objectives and the value creation realised.

The following principles are also applied:

- The non-executive directors receive a fixed amount for the performance of their duties as members of the Board of Directors, taking into account at least 6 attendances in the meetings of the Board of Directors;
- The members of the committees are allocated a fixed amount per participation in a meeting of the committee, with an additional fixed fee for the Chairman of the Audit Committee;
- The Chairman and vice chairman of the Board of Directors, and also the Chief Executive Officer, are allocated a fixed annual amount for participating in the meetings of the Board of Directors;
- The non-executive directors do not receive any bonuses, participation in long-term share-based incentive programmes nor any benefits in kind (with the exception of the right to attend a number of film screenings each year) nor benefits related to pension plans;
- In addition to a fixed remuneration, the Executive Management receives variable remuneration dependent on attainment of the management objectives set by the Board of Directors on the recommendation of the Nomination and Remuneration Committee. These include both quantitative objectives, which are set and measured annually based on improvement of the financial results compared to the previous year, and qualitative objectives, which are defined as objectives that are to be attained over several years, the progress of which is evaluated on an annual basis. The variable part of the remuneration ensures that the interests of Executive Management run parallel to

those of the Group, that they lead to value creation and loyalty, and provide the appropriate incentive to optimise the short-term and long-term objectives of the Group and its shareholders. 30% of the variable remuneration is linked to the attainment of the qualitative objectives, and 70% is linked to the attainment of the quantitative objectives;

- As well as this variable remuneration, long-term incentives in the form of share options or other financial instruments of the company or its subsidiaries may also be allocated to the Executive Management;
- No other provisions than those provided in the Civil Code that provide for a right of recovery in favour of the company exist, if the variable compensation has been granted on the basis of incorrect financial data;
- The severance compensation of a member of the Executive Management in the event of early termination of a contract entered into after 1 July 2009 will not exceed twelve (12) months' basic and variable remuneration. On the recommendation of the Nomination and Remuneration Committee and with the prior approval of the General Meeting, a higher compensation may be granted in specific justifiable circumstances but may never exceed eighteen (18) months' basic and variable remuneration. In any event, the severance compensation may not exceed twelve (12) months' basic remuneration, and the variable remuneration cannot be taken into account if the departing person has not met the performance criteria referred to in his/her contract.

Procedure

The annual overall remuneration of the members of the **Board of Directors** will be determined by the General Meeting following a proposal from the Board of Directors (thereby advised by the Nomination and Remuneration Committee), which will be based on the principles included in the Charter, and the following amounts shall be linked to this by the Board of Directors:

- € 568 164 as the fixed remuneration for the chairman- ship of the Board of Directors;
- € 100 000 as the fixed remuneration for the vice chairman of the Board of Directors;
- € 30 000 as the fixed remuneration for attendance of the Chief Executive Officer at the meetings of the Board of Directors in his role as Delegated Director;
- € 32 500 for the actual attendance of the other directors at six or more meetings of the Board of Directors;
- the remuneration will be reduced proportionately if fewer meetings are attended;
- € 3 000 for attendance of a meeting of the Audit Committee or the Nomination and Remuneration Committee;
- € 3 750 as additional fixed remuneration for the chairman of the Audit Committee.

The Board of Directors determines the remuneration as well as the remuneration policy of the **Executive Management** based on the proposal of the Nomination and Remuneration Committee, with due consideration of the relevant contractual stipulations and benchmark data from other comparable listed companies, in order to ensure that these remunerations are in line with market practices, bearing in mind the duties, responsibilities and management objectives. For example, the fixed remuneration for the CEO (excluding the remuneration as a member of the Board of Directors) was set at € 725 242 and the maximum variable remuneration at € 485 000. The management objectives to which the variable remuneration is linked are proposed annually by the Nomination and Remuneration Committee and are approved by the Board of Directors. The Board of Directors annually evaluates the attainment of these quantitative and qualitative objectives on the basis of an analysis by the Nomination and Remuneration Committee.

The achievement of the quantitative objectives is measured based on the improvement of the financial results compared to the previous fiscal year, with due consideration of the changes in the critical parameters for value creation in the existing businesses and the achievement of business plans of the expansion projects. The qualitative objectives that must be realised over several years and which are aimed at long-term value creation for the company are evaluated annually on the basis of the progress achieved per specific objective.

On the proposal of the Board of Directors, which is of the opinion that the quantitative and qualitative management objectives are set to such an extent that they also ensure the long-term goals of the Company, the General Meeting of 11 May 2016, in accordance with the applicable regulations, approved the proposal to base the integral annual variable remuneration of the CEO for the fiscal years 2017 to 2020 on objective and measurable performance indicators agreed in advance, and always measured over a period of one year.

APPLICATION OF THE REMUNERATION POLICY TO THE MEMBERS OF THE BOARD OF DIRECTORS

In line with the above-mentioned remuneration policy and its underlying principles, the directors of the company were remunerated for their services in the past fiscal year as shown in the following table. All amounts are gross amounts before deduction of tax.

REMUNERATION OF THE BOARD OF DIRECTORS

NAME	TITLE	2019 REMUNERATION (IN €)
Mr Joost Bert, permanent representative of Pentascoop NV	Chairman	568 164
Mr Philip Ghekiere	Vice chairman	100 000
Mr. Eddy Duquenne	CEO	30 000
Ms Sonja Rottiers, permanent representative of SDL Advice BV	Independent director	53 500
Ms Marleen Vaesen, permanent representative of Mavac BV	Independent director	44 500
Mr Ignace Van Doorselaere, permanent representative	Independent director	41 500
Ms Marion Debruyne, permanent representative of Marion Debruyne BV	Director	32 500
Mr Geert Vanderstappen, permanent representative of Pallanza Invest BV	Director	48 250
Ms Annelies van Zutphen, permanent representative of Van Zutphen Consulting BV ⁽¹⁾	Independent director	10 833
Mr Rafaël Decaluwé, permanent representative of Gobes Comm. V. ⁽¹⁾	Director	5 417
TOTAL		934 664

(1) Director to 8 May 2019

All members of the Board of Directors, as well as the directors of the subsidiaries of the company, are also covered by a 'civil liability of directors' policy, of which the total premium amounts to € 39 900, including taxes, and which is paid by the company.

The non-executive directors received no other remuneration, benefits, share-based or other incentive bonuses from the Company in the year under review.

APPLICATION OF THE REMUNERATION POLICY TO THE EXECUTIVE MANAGEMENT

Setting the objectives for 2019

In setting the concrete objectives for the fiscal year 2019, the Board of Directors again used the Adjusted EBITDA parameter (previously called 'recurring EBITDA') to determine the quantitative management objectives, as the Board is convinced that this is a relevant measure for the development of value creation within the company. The assessment of the realisation takes into account the evolution of the Adjusted EBITDA versus the objectives set by the Board of Directors. If, therefore, the realized Adjusted EBITDA for the relevant year 2019 is between the set objectives, an amount between 0 and 100% of the variable compensation linked to the realisation of the quantitative objectives will be paid pro rata.

The qualitative objectives consisted of analyses and actions with regard to the further development of the improvement potential of Landmark Cinemas Canada, the further expansion of the Group, the optimisation of the various management, analysis and reporting tools to support the further implementation of the business strategy, and the programming and marketing strategy.

All the objectives have been formulated by the Board of Directors in such a way that they not only achieve the short-term objectives of the Group, but also the long-term objectives, which are reflected in the continuously increasing shareholder value of the company in recent years. In addition, the options granted to the Executive Management also contribute to the focus on long-term value creation.

Evaluation of the 2018 objectives

In 2019, the Board of Directors, assisted by the Nomination and Remuneration Committee, evaluated the objectives that were to be achieved in the 2018 financial year and determined that the envisaged milestones were amply achieved with regard to the qualitative objectives, thanks in part to the successful integration of Landmark and, with regard to the quantitative objectives, the realised Adjusted EBITDA was within the predefined range, resulting in the award in 2019 of a variable remuneration of € 412 250.

Finally, it can be noted that, pursuant to contractual agreements reached prior to 1 July 2009, in the event of the early termination of the contract of the CEO, and if there is a change in the control of the company, the severance remuneration can amount to 24 months' fixed remuneration plus the pro-rata part of the variable remuneration for the ongoing year.

The following summary gives an overview of the fixed part of the remuneration, of the other components of the remuneration (such as pension contributions and insurances) and of the variable part, as paid out in 2019 (excluding VAT).

Fixed remuneration ⁽¹⁾	€ 725 242
Variable remuneration ⁽²⁾	€ 412 250
Reimbursement of expenses	€ 9 000
TOTAL	€ 1 146 492

(1) Disbursed in 2019

(2) Disbursed in 2019 with respect to the 2018 performance

LONG-TERM INCENTIVES

On 11 May 2016, the General Meeting approved a new stock option plan in which 543 304 options on existing shares (with a term to 10 May 2024) can be granted to the chairman of the Board of Directors, the Executive Management and eligible executives of the company or its subsidiaries in order to enable the above-mentioned persons to participate in the long-term shareholder value that they will help realise, and thereby align their interests with the long-term interests of the shareholders. By granting stock options, the company aims to be able to attract, motivate and bind the best management talent to the company in the long term.

The options listed below were granted to Messrs Bert and Ghekiere in their capacity as co-CEO and Chairman of the Board of Directors, respectively, in 2017.

NUMBER ALLOCATED AND ACCEPTED STOCK OPTIONS	2016 PLAN
Eddy Duquenne	90 000
Joost Bert	45 000
Philip Ghekiere	45 000

The above-mentioned options are acquired over a period of 5 years, and the options actually acquired can be exercised at the earliest 4 years after being granted. A more detailed description of the features of these options can be found in Note 20 to the Consolidated Financial Statements.

FISCAL YEARS 2020-2021

The Company will evaluate the remuneration policy towards the Board of Directors and Executive Management in light of the provisions of the Code 2020.

7.11. DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

In accordance with the Corporate Governance rules and the various relevant regulations, the company has developed a process for risk management. Kinopolis Group thereby makes use of the 'Integrated Framework for Enterprise Risk Management' as developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). This framework integrates both the internal control and risk management processes, and is aimed at the identification and management of strategic, operational and reporting risks, as well as legal and regulatory risks in order to ensure the achievement of the corporate objectives.

Kinopolis Group uses this framework to implement a system of Risk Management, and to control the above risks in the business processes and financial reporting. The system is developed centrally, and, as far as possible, is uniformly applied in the various parts of the organisation and its subsidiaries. The system deals with the various components as prescribed by the reference model, as well as the various roles and responsibilities with regard to internal controls and risk control.

ROLES AND RESPONSIBILITIES

Risk management is not the exclusive responsibility of the Board of Directors and Executive Management within Kinopolis Group; every employee is responsible for the proper and timely application of the various risk-management activities within the scope of his or her job.

The responsibilities regarding the risk management of the Board of Directors (and its various committees) and the Executive Management are established and described in detail in legal stipulations, the Belgian Corporate Governance Code 2020 and the Kinopolis Corporate Governance Charter.

In brief, it can be stated that the Executive Management bears final responsibility for the appropriate implementation and management of the risk-management processes within the scope of his or her job, but also has a duty to monitor its proper implementation by his or her direct reports (who may, in turn, be managers).

The implementation and management of the risk-management system is based on a pyramidal responsibility structure, in which each manager is not only responsible for the proper introduction and application of the risk-management processes within the scope of his or her job, but also has a duty to monitor its proper implementation by his or her direct reports (who may, in turn, be managers).

In this way, management can be confident of proper and comprehensive risk management throughout the Company and be assured that related risks in the various business processes and departments are being tackled in an integrated way.

APPLICATION OF THE VARIOUS COMPONENTS

The way in which the Group applies the various components of the COSO framework is outlined below. This description covers only the most important elements, and is therefore not comprehensive. In addition, the appropriateness of the application is regularly evaluated, and thereby permanently subject to change.

INTERNAL CONTROL ENVIRONMENT

An appropriate internal environment is a precondition of being able to effectively apply other risk-management components. With this in mind, Kinopolis Group places a high importance on the values of integrity and ethical action. In addition to the existing legal framework,

Kinopolis Group endeavours to encourage and enforce such behaviour by means of both preventive measures (e.g. via the Charter, the Code of Conduct, the work regulations, the application of strict criteria in the area of human resources, in particular with regard to the areas of the selection and recruitment of staff and periodic evaluations, and various procedures and policies) as well as investigative measures (e.g. reporting procedure, compliance inspections).

Another important aspect of the internal environment is the organisational structure. Kinopolis has a clear and uniform organisational structure, which matches the various countries and business processes. The organisational structure, the determination of the various objectives, management of the budget and the remuneration process are also aligned to each other.

In addition, correct employee training and guidance is essential to the proper application of risk management. To this end, the training needs of every employee are examined on an annual basis, distinct from the existing compulsory courses for certain jobs. An introductory risk-management course is also given to new managers on an annual basis.

SETTING OF OBJECTIVES

In line with the company's mission, business objectives are set for different terms. As described in the Charter, these are confirmed on an annual basis by the Board of Directors, which also ensures that they are in line with the risk appetite of the company, as determined by the Board of Directors.

The (financial and non-financial) objectives established at consolidated level are gradually developed into specific objectives for individual countries, business units and departments on an annual basis. The lowest level is the determination of the individual objectives for each employee. The attainment of these objectives is linked to the remuneration policy.

Progress with regard to these objectives is regularly assessed through business-controlling activities based on management reports. The individual objectives are assessed at least once every year as part of a formal HR evaluation process.

INTERNAL CONTROL

Internal Control is defined as the identification and assessment of business risks, as well as the selection, implementation and management of the appropriate risk responses (including the various internal control activities).

As stated above, it is first and foremost the duty of every manager to properly set up and implement the various internal risk-management activities (including monitoring) within the scope of his/her job. In other words, each line manager is responsible for the appropriate and timely identification and evaluation of business risks and the ensuing control measures to be taken and managed. Although the individual line manager has some latitude when applying these rules, Kinopolis aims to standardise the process as much as possible. This is achieved by organising e-learning ERM training courses, implementing the structured policy guidelines and procedures, and the use of standard lists for the internal controls that are to be carried out.

The Board of Directors and Management of Kinopolis conduct an annual risk assessment to acquire a general understanding of the business risk profile. The acceptability of residual risks is also assessed as part of this. If these are not acceptable, additional risk-response measures are taken.

INFORMATION AND COMMUNICATION

The appropriate structures, consultation bodies, reporting and communication channels have been set up within Kinopolis Group for business operations in general, and risk management in particular in order to ensure that the information required for those operations, including risk management, is made available to the appropriate persons in a timely and proper way. The information in question is retrieved from data warehouse systems that are set up and maintained in such a way as to meet the reporting and communication requirements.

MONITORING

In addition to the monitoring activities by the Board of Directors (including the Audit Committee) as stipulated in legal provisions, the applicable governance provisions and the Charter, Kinopolis mainly relies on the following monitoring activities:

- Business Controlling: The Management, supported by the Business Controlling department, shall analyse the progress made towards the objectives and will explain the discrepancies on a monthly basis. This analysis may identify potential improvements with regard to the existing risk management activities and measures;
- Internal Audit: the existing risk management activities and measures will be regularly assessed by the Internal Audit department with regard to internal rules and best practices. Possible improvements will be discussed with the Management, and will result in the implementation of concrete action points that further tighten risk management.

7.12. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The company complies with the principles of the 2009 Code. In line with the 'comply or explain' principle, and in addition to the circumstances already described above, the Company decided that it is in the interest of the Company and its shareholders to deviate from Provision 4.6. of the Code, and the professional qualifications and functions of the directors to be reappointed were not included in the invitation to the General Meeting of 8 May 2019, as the corresponding qualifications were sufficiently known via press releases and annual reports.

8. CONFLICTS OF INTEREST PURSUANT TO ARTICLE 523 OF THE COMPANIES CODE

On **19 March 2019**, decisions were made by the Board of Directors pursuant to article 523 of the Companies Code with regard to the evaluation of the 2018 management targets for the Executive Management and the allocation of the resulting variable remuneration.

Extract from the minutes:

Notification pursuant to Article 523 of the Companies Code

Mr Eddy Duquenne informs the other directors that he has a potential conflict of interest of a proprietary nature within the meaning of Article 523 of the Companies Code, given that the Board of Directors will decide on the variable remuneration over fiscal 2018.

Mr. Eddy Duquenne leaves the meeting and does not participate in the deliberations nor votes on this agenda item.

Decision

After clarification by the Chairman of the Nomination and Remuneration Committee and after establishment that:

- with regard to the qualitative targets, the established milestones have been largely exceeded, mainly due to the successful implementation of the integration of Landmark;*
- with regard to the quantitative targets, the realised REBITDA is situated between the minimum and maximum established financial targets..*

the Board of Directors decides, after extensive deliberations and upon advice of the Nomination and Remuneration Committee, to pay out the variable remuneration linked to the qualitative targets and quantitative targets in the amount of € 412,250 for Mr Eddy Duquenne.

The property consequences for the Company amount to € 412,250.

On **25 June 2019**, decisions were made by the Board of Directors pursuant to article 523 of the Companies Code with regard to the approval of the management targets for fiscal year 2019.

Extract from the minutes:

Notification pursuant to Article 523 of the Companies Code

Mr Eddy Duquenne informs the other directors that he has a potential conflict of interest of a proprietary nature within the meaning of Article 523 of the Companies Code, given that the Board of Directors will decide on the management objectives for fiscal 2019.

Mr Eddy Duquenne leaves the meeting and did not participate in the deliberations nor votes on this agenda item.

Decision

After extensive clarification by the Chairman of the Nomination and Remuneration Committee, the Board of Directors decides that for fiscal 2019 the achievement of the quantitative targets will be measured just as previous year, based on the evolution of the current EBITDA of the relevant year compared to the current EBITDA targets set by the Board of Directors.

If the current EBITDA achieved for the relevant year 2019 falls within the targets set by the NRC, a pro rata amount between 0 and 100% of the variable remuneration linked to the achievement of the quantitative targets will be paid.

The Board of Directors decides that the qualitative targets and milestones, as set out by the Chairman, consist of analyses and actions related to the further development of the improvement potential of Landmark Cinemas Canada, to the further expansion of the group, to the optimisation of the various management-, analyzing and reporting tools supporting the future implementation of the company's strategy and related to the programming- and marketing strategy. Their achievement will be evaluated on the basis of the progress made per specific objective.

The maximum property consequences for the Company amount to € 485,000.

9. RESEARCH AND DEVELOPMENT

In the year under review, Kinopolis developed a number of new concepts for the benefit of the operating entities within the framework of the three strategic pillars. Kinopolis is committed to constantly adapting the experience it provides to the changing demographic trends, and to being innovative with regard to picture and sound and other factors, in order to improve the experience of the customers and protect the profitability of the Group.

In 2019, Kinopolis continued to invest in the innovation of its shop infrastructure and interior concepts.

10. APPLICATION OF VALUATION RULES

The valuation rules have remained unchanged and have been applied for the purposes of the continuity of the Company.

11. PROFIT APPROPRIATION

In its proposal to the General Shareholders' Meeting concerning the appropriation of profit and payment of dividend, various factors were taken into consideration by the Board of Directors, including the Company's financial situation, the operating profits, the current and expected cash flows and the expansion plans.

In view of the impact of the Covid-19 virus on business operations and the potentially serious impact on the financial results for the first half of 2020, the Board of Directors proposes to the General Meeting not to distribute a dividend and to transfer the profit to the 'Retained earnings' item.

The annual accounts were drawn up after allocation of the result, in accordance with the Royal Decree of 30 January 2001.

The following result appropriation was proposed:

Profit of the fiscal year to be appropriated:	€ 53 947 27.12
Profit carried forward from previous fiscal year:	<u>€ 34 810 016.14</u>
	€ 88 757 292.26
Withdrawal to the unavailable reserves:	€ 2 707 808.74
Profit to be carried forward:	€ 86 049 483.52
Dividends	€ 0.00

Mr. Eddy Duquenne, CEO, declares that to the best of his knowledge:

- the financial statements, which have been prepared in accordance with applicable standards for financial statements, give a true and fair view of the Company's financial position and profit and loss;
- the annual report gives a true and fair view of the Company's development and profit and loss, as well as the main risks and uncertainties it has to deal with.

The Board of Directors,

24 March 2020

Pentascop NV with as permanent representative M. Joost Bert
Chairman

M. Eddy Duquenne
CEO