

KINEPOLIS GROUP NV

REMUNERATION POLICY

1 SCOPE

The Board of Directors has drawn up the remuneration policy of Kinopolis Group NV (the “**Company**”) in accordance with article 7:89/1 of the Belgian Code of Companies and Associations (the “**BCCA**”) and the Belgian Code of Corporate Governance 2020 (the “**Code 2020**”). It sets out the remuneration principles as regards the members of the Board of Directors and the Executive Management that currently consists out of the CEO.

The Board of Directors adopted the remuneration policy on 24 March 2021, upon proposal of the Nomination and Remuneration Committee. Subject to the approval by the General Meeting of Shareholders of 12 May 2021, the remuneration policy is applicable within the Company as from 1 January 2021.

The Company shall pay remuneration to the members of the Board of Directors and the Executive Management in accordance with the (approved) remuneration policy. If the General Meeting does not approve the remuneration policy, the Company shall continue to pay remuneration in accordance with its existing practices and the Board of Directors shall submit a revised policy for approval at the following General Meeting.

The Board of Directors shall in any event submit a (revised) remuneration policy, adopted upon proposal of the Nomination and Remuneration Committee, to the General Meeting in the event of a material change to the policy and in any case at least every four years.

2 KINEPOLIS VIEW ON REMUNERATION

The remuneration policy aims to achieve a long term and sustainable value creation for the Company and all of her stakeholders by attracting and retaining board- and management members who can develop and implement the long term strategy of the Company through their extended, complementary and international know how and experience.

The remuneration policy is therefore structured in such a manner that the compensation for the directors and the Executive Management is reasonable, appropriate and competitive to attract, retain and motivate those persons that correspond to the profile defined by the Board of Directors and this in accordance with the size of the Company and by taking into account benchmark compensation levels of comparable listed companies. The Board of Directors hereby uses as reference framework a selection of Belgian listed companies whose international activities, turnover and number of employees are comparable to those of the Company (the Reference Framework). This Reference Framework is evaluated periodically in order to assure its representativity.

Regarding the remuneration for the Executive Management, the remuneration policy aims to assure that the members thereof are compensated in accordance with their contribution to the long term strategy of the Company to remain a resilient, sustainable and innovative group with an important added value for all stakeholders.

Not only the stock options granted to the Executive Management under the 2016 Stock Option Plan but also the variable part of the remuneration is designed to align the interests of the Executive Management with those of the Company and to focus on sustainable value creation by tying the variable remuneration to predefined milestones that enhance the implementation of the Company's long term business, expansion and sustainability strategy.

The principles applied in determining this remuneration policy are in line with those applied to the remuneration of all of our employees, i.e. determining benchmark based compensation and labor conditions that enable Kinopolis to attract, develop and retain the best talent and capabilities that will allow her to remain a customer focused and value creating company with an engaged, inclusive, balanced and healthy workplace for all employees.

3 MEMBERS OF THE BOARD OF DIRECTORS

3.1 DECISION-MAKING PROCESS

The remuneration for the Board of Directors is yearly decided by the General Assembly on proposal of the Board of Directors, assisted by the Nomination and Remuneration committee on the basis of the principles as described in clause 3.2.

The aforementioned mechanism assures that no conflicts of interest can arise.

3.2 REMUNERATION COMPONENTS

The remuneration that can be awarded to the members of the Board of Directors consists out of a fixed remuneration and attendance fees:

- The non-executive directors each receive a yearly amount of 32.500 euro if at least 6 board meetings have been attended to; if less than 6 meetings have been attended, the compensation will be reduced proportionally;
- The president and the vice-president of the Board of Directors are granted an annual fixed amount of respectively 570.000 euro and 100.000 euro; the amount granted to the president also includes the fee for chairing and participating in the Nomination and Remuneration Committee as well as the fact that the President not only has a significant and active role in the development of the medium and long term strategy of the Company by assisting and advising the CEO in the matter on a regular basis but also regularly represents the Company on the international movie theater business stage;
- The CEO is awarded an annual fixed amount of 30.000 euro for his participation as board member in the board meetings;

- The members of the Nomination and Remuneration committee and the Audit committee are awarded an amount of 3.000 euro per committee meeting with an additional one off yearly compensation of 3.750 euro for the president of the Audit committee and the president of the Nomination and Remuneration committee, if different than the president of the Board of Directors.

The fixed compensation has been determined taken into account the fact that the civil liability of the members of the Board of Directors is insured via a Directors and Officers Liability policy, the premium of which is covered by the Company.

Other than the right to attend movie screenings at the Kinopolis theaters, the non-executive directors receive no other remuneration, benefits, bonuses, share based or other incentives.

The Company's strategy and general mode of operation being focused on long term sustainable growth and value creation for all stakeholders and this long-term perspective being clearly represented and supported by all members of the Board of Directors, the Company has decided not to grant shares to the non-executive directors as part of their remuneration as the objective of recommendation 7.6 of the Code 2020, which aims to promote long term value creation, is met by the general strategy of the Company.

3.3 CONTRACTUAL ARRANGEMENTS WITH THE DIRECTORS

The General Meeting appoints directors for a maximum term of 4 years. They are self-employed.

The General Meeting can dismiss a director without any notice period or severance payment, without any justification, and by a simple majority vote. However, the General Meeting is free to grant a notice period or severance payment upon dismissal.

4 MEMBERS OF THE EXECUTIVE MANAGEMENT

4.1 DECISION-MAKING PROCESS

The Board of Directors determines the remuneration of the members of the Executive Management upon proposal of the Nomination and Remuneration Committee, taking into account the experience, level of responsibilities, achieved performances and benchmark facts resulting out of the Reference Framework.

Every year, the Board of Directors, upon advice of the Nomination and Remuneration Committee and in line with the remuneration policy, determines the performance criteria that the members of the Executive Management need to achieve in the coming year. The performance criteria promote sound and effective risk management and do not encourage risk-taking that exceeds the risk tolerance limits of the Company.

After the establishment of the annual accounts by the Board of Directors, the Nomination and Remuneration Committee evaluates the achievement of the performance criteria and based on its conclusions, the Board of Directors determines the amount of variable remuneration to be paid out.

The CEO does not participate in the deliberations and vote within the Board of Directors as regards his own remuneration, determination and evaluation of his objectives. The CEO neither participates in the discussions within the Nomination and Remuneration Committee as regards his own remuneration, determination and evaluation of his objectives.

The aforementioned mechanism assures that no conflicts of interest can arise.

4.2 REMUNERATION COMPONENTS

The remuneration that can be awarded to the members of the Executive Management consists of the following elements:

- Fixed remuneration
- Variable remuneration
- Share-based remuneration
- Insurance
- Other benefits

4.2.1 FIXED REMUNERATION

The fixed remuneration is on a two yearly basis evaluated and determined by the Board of Directors on the basis of a proposal of the Nomination and Remuneration Committee and is paid on a monthly basis. It reflects the experience, competences, activities and responsibilities of the person concerned within the organisation.

At the occasion of the two yearly evaluation, the remuneration can be adjusted on the basis of a number of criteria such as:

- comparable salaries in companies part of the Reference Framework;
- changes in the job profile; or
- changes in the size or activities of the Company.

4.2.2 VARIABLE REMUNERATION

The variable component of the remuneration consists of a short term (one year) variable remuneration that is determined by the Board of Directors in the same manner as the fixed component and is capped to a percentage of the fixed remuneration which shall never exceed 100%.

When determining the ratio between the fixed and variable part of the remuneration, the Board of Directors monitors closely that the ratio is in line with market practices applied in the Reference Framework and by taking into account the activities, responsibilities, performances and value creation of the Executive Management.

The variable remuneration is based:

- for 30% on the achievement of non-financial performance criteria, being a mix of individual qualitative targets and qualitative targets of the Company to be achieved over a one year period, and
- for 70% on financial performance criteria to be achieved over a one year period.

The performance criteria are set in such a manner that they ensure that:

- the interests of Executive Management run parallel and are linked to those of the Company and its stakeholders,
- they lead, in line with the Company's strategy, to sustainable value creation and loyalty, and
- they provide the appropriate incentive to optimize the medium and long-term objectives of the Company and its stakeholders and avoid the preference for short term goals with an adverse impact on the medium and long-term strategy.

In view of the fact that the performance criteria are all aimed at creating long term sustainable growth and value creation, as demonstrated by the outstanding Company's performance over the past years, and that the 2016 Share Option Plan incentivizes in a significant manner Executive Management in the long term, the Company has, in accordance with article 7:91 of the BCCA, requested the general shareholders meeting for a period of 4 years a deviation regarding the linking of the variable remuneration with performance criteria to be achieved over multiple years.

Performance criteria for the year 2021

In view of the exceptional and unpredictable circumstances due to the covid-19 crisis and the unclear financial forecasting regarding the movie exhibition business in the year 2021, the Board of Directors upon recommendation of the Nomination and Remuneration Committee has exceptionally not used the classic distinction between qualitative and non-qualitative performance criteria but has set individual and Company objectives that primarily relate to (1) the achievement of the Entrepreneurship plan that forms the basis for the future performances of the Group, (2) continuing to reduce the negative monthly recurring free cash flow in closed condition to a level comparable to 2020, (3) the development of further KPI's in the implementation of the sustainability strategy of the Company.

The achievement of the objectives will be assessed by the Board of Directors based on the evaluation by the Nomination and Remuneration Committee.

Financial performance criteria as of the performance year 2022

In order to link the variable remuneration to the operational result of the Company, the granting of 70% of the variable remuneration will be based on yearly established financial targets to be achieved over a performance year and more particularly on a range of EBITDAL measured on a consolidated basis of IFRS accounting figures.

If the realized EBITDAL for the relevant year is situated in the predefined range, an amount between 0% and 100% of the variable compensation linked to the realization of the financial targets will be paid pro rata.

In case of significant outperformance or exceptional achievement, an outperformance bonus can be granted by the Board of Directors upon recommendation of the Nomination and Remuneration Committee without however the total amount of variable remuneration to exceed the cap of 100% of the fixed remuneration.

Non-financial performance criteria as of the performance year 2022

These criteria will consist out of individual qualitative objectives as well as qualitative objectives for the Company that support long term sustainable value creation and which are assessed on an annual basis by measuring the achievement of predetermined milestones.

The concrete objectives and milestones will be determined and evaluated each year by the Board of Directors upon proposal of the Nomination and Remuneration Committee and will be based on (a) the Company's well known three pillar strategy (Best Cinema Operator, Best Marketeer, Best Real Estate Manager), (b) the expansion strategy and (c) the sustainability strategy.

4.2.3 SHARE-BASED REMUNERATION

In deviation of article 7.9 of the Code 2020, the Board of Directors has not set a minimum threshold of shares to be held by the Executive Management.

In view of the fact that in execution of the 2016 Share Option Plan, 90.000 share options have been granted to the CEO, the remuneration package is considered to be sufficiently balanced with various components to align the interests of the parties concerned and to incentivize the pursuit of a strategy of sustainable profitable growth.

The Company furthermore reserves the possibility to implement, after the expiry of the existing 2016 Share Option Plan, new share option plans for employees and executive directors of the Company (or of a Group Company) in accordance with local regulations and governance practices and for a maximum of 5% of the outstanding share capital.

4.2.4 INSURANCE

Aside from the Directors and Officers Liability policy of which the premium is paid by the Company, no other insurances have been subscribed or paid for the specific benefit of the Executive Management.

4.2.5 OTHER BENEFITS

Other than a yearly cost allowance of 9.000 euro, the Executive Management does not receive any fringe benefits nor benefits from contributions in a pension scheme.

4.3 CONTRACTUAL ARRANGEMENTS WITH THE MEMBERS OF THE EXECUTIVE MANAGEMENT

The severance compensation of a member of the Executive Management in the event of early termination will not exceed twelve (12) months' basic and variable remuneration.

The variable remuneration cannot be taken into account if the departing person has not met the performance criteria referred to in his/her contract.

The contractual arrangements with the current CEO, that have been concluded before the entry into force of the Code 2009 and thus also before the entry into force of the Law of 28 April 2020 regarding the implementation of the Shareholders Rights Directive II, are concluded for an indefinite period of time and entail in case of termination of the agreement, a severance payment of 12 months of fixed remuneration as well as the proportional part of the variable remuneration for the year concerned and of 24 months in the case of a termination at the occasion of a change of control over the Company.

There are no explicit contractual claw back provisions provided for. The general provisions provided for in the Belgian Civil Code will apply in case of fraud or malicious intent with regard to the financial figures on which the variable remuneration has been calculated on.

5 DEROGATIONS FROM THE REMUNERATION POLICY

The Company shall pay remuneration to the members of the Board of Directors and the Executive Management in accordance with the (approved) remuneration policy.

However, the Board of Directors may, in exceptional circumstances and upon reasoned proposal of the Nomination and Remuneration Committee, temporarily derogate from the remuneration policy. Exceptional circumstances shall cover only situations in which the derogation from the remuneration policy is necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability. The derogations can apply to any provision of the Policy insofar as not contradictory with the BCCA.

When resolving on derogations from the remuneration policy, the Board of Directors must comply with the decision-making procedure set out above.

The Board of Directors shall explain any derogations in the remuneration report of the relevant financial year.

6 CHANGES TO THE EXISTING REMUNERATION POLICY

The proposed remuneration policy aims to bring the (current) remuneration policy, which was part of the remuneration report approved by the Annual General Meeting of 13 May 2020 , in line with the new requirements of Article 7:89/1 of the BCCA

Besides the specific performance criteria for the variable remuneration of Executive Management for the year 2021 and the cap on the variable remuneration, no material changes to the past remuneration policy have been made.
