Who we are.

KINEPOLIS GROUP | RAPPORT D'ACTIVITÉ

2020

PARTIE I

RAPPORT D'ACTIVITÉ

Who we are.

KINEPOLIS GROUP

2020

Ce Rapport d'Activité fait partie du Rapport annuel 2020 de Kinepolis Group, qui se compose de trois parties :

PARTIE I
RAPPORT D'ACTIVITÉ

PARTIE II
RAPPORT DE DURABILITÉ

PARTIE III
RAPPORT FINANCIER

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2020 n'a pas été une année réjouissante mais elle nous a confirmé que, en tant qu'équipe, nous pouvons gérer beaucoup de choses et que notre stratégie d'entreprise de ces 13 dernières années nous a mis dans la meilleure position possible pour surmonter cette crise.

Eddy Duquenne et Joost Bert

MESSAGE DU PRÉSIDENT ET DU CEO

Joost Bert, Président du Conseil d'administration et Eddy Duquenne, CEO de Kinepolis Group

Mesdames, Messieurs,
Cher actionnaire, client et collaborateur,

Après une année 2019 fantastique, nous nous sommes soudainement retrouvés dans une réalité très différente l'année dernière. Début mars, la pandémie de Covid-19 a éclaté dans le monde entier, entraînant la fermeture pendant des mois de tous nos complexes cinématographiques. Ce qui semblait initialement être une question de mois s'est rapidement transformé en une crise de longue durée au cours de laquelle nous avons dû nous adapter en permanence à un contexte en constante évolution. Les autorités locales ont imposé des mesures draconiennes en fonction de l'évolution de la pandémie. En conséquence, même lorsque nos cinémas n'étaient pas fermés, les restrictions de capacité, l'obligation de porter un masque buccal dans les salles, les couvre-feux et/ou l'interdiction de la vente de pop-corn et autres snacks ont eu un impact considérable sur la fréquentation des salles. Un deuxième confinement à l'automne a malheureusement suivi très vite.

Tout cela a également eu un impact important sur l'offre de films. Dans un contexte où les cinémas américains (35 % du marché mondial) sont restés fermés pendant les mois d'été et sans la moindre perspective d'amélioration à l'échelle mondiale, il n'y a eu presqu'aucune sortie de superproduction. Les studios d'Hollywood ont annoncé report après report, dans une tentative de préserver leurs revenus et de récupérer leur investissement à une date ultérieure. Le nouveau film de James Bond, *Mourir peut attendre*, a disparu du calendrier 2020. En quête de revenus à court terme et sur fond de concurrence féroce pour gagner des abonnés, certains producteurs ont choisi de sortir des films directement sur leurs propres plateformes de streaming. C'est ainsi que *Mulan* et *Soul* sont sortis directement sur Disney+. La plupart des superproductions prévues pour 2020 sont cependant toujours réservés à une sortie en salle, ce qui est révélateur de l'importance de la filière du cinéma dans le modèle de rentabilisation d'un film.

Nous sommes fiers de la façon dont nous, en tant qu'équipe Kinepolis, avons géré cette crise. Après le choc initial, nous avons pu agir très rapidement pour limiter les dégâts vis-à-vis de nos clients, nos collaborateurs, notre entreprise et nos actionnaires, et ce grâce à la flexibilité et l'engagement de tous. La mise en œuvre cohérente de notre stratégie d'entreprise et la façon dont nous sommes organisés au sein de Kinepolis nous ont permis de réagir rapidement à la crise. Notre politique financière prudente, caractérisée par un faible taux d'endettement et une position immobilière solide, a une fois de plus porté ses fruits. Bien entendu, nous avons malgré tout été contraints de prendre des mesures fermes de maîtrise des coûts, des mesures auxquelles tous au sein de notre entreprise ainsi que nos partenaires ont contribué.

Campagne *Happy to see you again*

Entre-temps, nous ne sommes pas restés les bras croisés et nous avons élaboré des protocoles de sécurité, développé de nouveaux concepts, réfléchi à une programmation diversifiée et alternative et continué à construire de nouveaux cinémas. 2020 n'a pas été une année réjouissante mais elle nous a confirmé que, en tant qu'équipe, nous pouvons gérer beaucoup de choses et que notre stratégie d'entreprise de ces 13 dernières années nous a mis dans la meilleure position possible pour surmonter cette crise.

L'approbation de plusieurs vaccins et le déploiement de programmes de vaccination dans tous les pays nous donnent de l'espoir pour l'avenir. L'année 2021 sera encore fortement touchée par cette pandémie, mais nous sommes convaincus que la fréquentation des salles de cinéma se redressera, grâce à la détermination et l'engagement de tous les acteurs de l'industrie cinématographique.

Il ne faut pas sous-estimer la résilience des cinémas et du secteur culturel dans son ensemble. Dans les mois qui ont suivi la première réouverture, il s'est avéré que, même en l'absence de superproductions, beaucoup de spectateurs ont retrouvé le chemin du cinéma. La sortie réussie de *Tenet* fin août 2020, le seul grand film sorti depuis l'apparition du virus, a confirmé que les cinéphiles reprendraient rapidement leurs vieilles habitudes. Même si le cinéma et le divertissement à domicile ont été polarisés à la lumière de cette pandémie, ce sont deux expériences fondamentalement différentes qui ne doivent pas se faire de l'ombre. Tout au plus, elles devront retrouver un nouvel équilibre dans l'ère post-coronavirus. C'est comme cuisiner à la maison (ou prendre des plats à emporter) et aller manger au restaurant. Tout comme les gens continueront à aller au restaurant, ils retourneront au cinéma. Nous assisterons peut-être à une véritable renaissance, car même si beaucoup ont découvert le « confort du chez soi », le manque de divertissement hors du domicile a sans aucun doute contribué à l'apprécier davantage. C'est en tous les cas ce que nous constatons à travers les nombreuses réactions chaleureuses de nos clients.

« Social distance » autocollants de sol au Canada

Cela nous renforce dans notre conviction que vivre des expériences ensemble sera plus que jamais valorisé et que créer une expérience sera un enjeu de plus en plus important. Kinepolis a toujours été un pionnier dans ce domaine, et son ambition est de le rester. Nous sommes motivés à nous focaliser encore plus sur le caractère unique de l'expérience cinématographique, à savoir regarder un film dans une salle obscure et s'abandonner aux émotions, avec d'autres spectateurs. Nous sommes certains que beaucoup le ressentiront comme un privilège et un soulagement après une année où rien n'était plus considéré comme acquis.

Kinepolis Haarlem (P-B)

Une équipe talentueuse et motivée, une offre de films riche et une expérience cinématographique haut de gamme, dans le respect de la sécurité de tous : voilà plus que jamais la recette éprouvée du succès de notre entreprise. En nous basant sur cette force, nous travaillerons dur à notre reprise et à celle de notre secteur. L'offre de films pour 2021 n'a jamais été aussi prometteuse avec de nombreuses superproductions qui lorgnent sur une sortie en salle très attendue.

Kinepolis ne serait pas en mesure de concrétiser ses objectifs ambitieux sans l'engagement et la confiance de ses collaborateurs, cinéphiles, partenaires, investisseurs et de ses autres parties prenantes. Nous tenons à remercier chacun d'eux et mettons tout en œuvre pour mériter chaque jour cette confiance.

Nous nous réjouissons de vous accueillir à nouveau dans nos salles.

Eddy Duquenne
CEO Kinepolis Group

Joost Bert
Président du Conseil d'administration

2020 en un clin d'œil

2020

ÉC | JANV | FÉV | MARS | AVR | MAI | JUIN | JUILL

Confinement 1

13-18 MARS 2020

Fermeture successive de tous les cinémas dans tous les pays en raison de la pandémie de Covid-19

FÉVRIER 2020

Ouverture de la salle ScreenX à Anvers (BE)

MAI 2020

Rénovation du cinéma « Full » Barcelone (ES)

Happy to see
Heureux de

1ER JUILLET 2020

Réouverture des cinémas belges

FÉVRIER 2020

Kinepolis reçoit l'autorisation de l'ABC d'ouvrir de nouveaux cinémas en Belgique à partir d'août 2021

AVRIL-MAI 2020

Poursuite du déploiement du service de livraison à domicile de Landmark Cinemas (CA)

1ER JUIN 2020

Réouverture des cinémas néerlandais

6 JUIN 2020

Réouverture de Schaffhausen (CH)

17 JUIN 2020

Réouverture des cinémas luxembourgeois

22 JUIN 2020

Réouverture des cinémas français

A PARTIR DU 26 JUIN 2020

Réouverture progressive des cinémas espagnols et canadiens

MAI 2020

Campagne Kinepolis France « Héroïnes et héros du quotidien »

you again!
vous revoir!

Confinement 2

29 OCTOBRE-4 NOVEMBRE 2020

Fermeture successive des cinémas belges, français et néerlandais, ainsi que de quelques cinémas espagnols et de la plupart des cinémas canadiens

JUILLET – AOÛT – SEPTEMBRE 2020

Campagne de drive-in *Kinepolis on Tour* en Belgique

12 NOVEMBRE 2020

Fermeture des cinémas MJR

19 NOVEMBRE 2020

Réouverture des cinémas néerlandais

25 NOVEMBRE 2020

Fermeture des cinémas luxembourgeois

2021

MARS 2021

Ouverture de Kinepolis Metz-Waves (FR)

AOÛT | SEP | OCT | NOV | DÉC | JANV | FÉV | MARS

8 OCTOBRE 2020

Ouverture de Kinepolis Haarlem (P-B)

9 OCTOBRE 2020

Réouverture des cinémas MJR (États-Unis), lancement des projections *Private+*

DÉCEMBRE 2020

Réouverture des cinémas de Grenade et de Barcelone (ES)

6 DÉCEMBRE 2020

Fermeture de Schaffhausen (CH)

10 DÉCEMBRE 2020

Lancement du *Kinepolis Home Delivery* à Anvers (BE)

15 DÉCEMBRE 2020

Troisième fermeture des cinémas néerlandais

23 DÉCEMBRE 2020

Réouverture des cinémas MJR

MARS 2021

Ouverture de Landmark Tamarack, SE Edmonton (CA)

MARS 2021

Ouverture de Kinepolis Leidschendam « Westfield Mall of the Netherlands » (P-B)

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Kinepolis dans le monde

Au total, Kinepolis Group compte, à la date de la présente publication, 114 complexes cinématographiques [1] dans son portefeuille (dont 53 en propriété), ce qui représente 1 106 écrans et près de 200 000 places.

Aperçu par pays aux pages 12-13.

9
PAYS

40,3 millions
VISITEURS EN 2019 [2]

1 777
EMPLOYÉS

au 31 décembre 2020

(1) Appartenant, à la date de la présente publication, au portefeuille immobilier et affecté ou non à l'activité cinématographique. Y compris un complexe exploité par Cineworld (Poznań, PL), dont le nombre d'écrans et de places n'est pas compté dans le total.
(2) 12,1 millions en 2020 suite à l'impact de Covid-19.

EUROPE

58

608

134 123

Kinepolis compte actuellement **58 cinémas** en Europe, situés en Belgique, aux Pays-Bas, en France, en Espagne, au Luxembourg, en Suisse et en Pologne.

Depuis la fin de 2017, Kinepolis exploite **46 cinémas** au Canada sous la marque « Landmark Cinemas ».

Depuis l'acquisition de « MJR Digital Cinemas » en octobre 2019, Kinepolis compte également **10 complexes cinématographiques** dans le Michigan (États-Unis).

114
COMPLEXES

1 106
ÉCRANS

196 403
SIÈGES

Kinepolis en Europe

Canada | États-Unis

> La motivation à reprendre nos activités à plein régime au cours de l'année 2021 est particulièrement grande.
>
> Eddy Duquenne

INTERVIEW

Eddy Duquenne, CEO de Kinepolis Group

« Nous étions dans l'œil du cyclone l'année dernière mais il n'a jamais été question de panique », déclare Eddy Duquenne, CEO de Kinepolis Group depuis 2008. Il explique comment la stratégie d'entreprise de Kinepolis, ainsi que la nature de l'entreprise, ont permis à Kinepolis d'amorcer cette crise dans la meilleure position possible et de réussir ensuite à limiter les dégâts au maximum. Nous l'avons également interrogé sur les conséquences possibles à long terme pour le modèle économique de Kinepolis.

De nombreux cinémas ont été fermés pendant environ la moitié de l'année. Mais l'impact de la pandémie a peut-être été ressenti dans d'autres domaines également ?

Eddy Duquenne : « En tant que Kinepolis et en tant que secteur cinématographique en général, nous avons été particulièrement touchés. Notre activité principale est de rassembler les gens pour qu'ils vivent ensemble le cinéma. Si cela n'est plus possible, ou seulement dans une mesure limitée, avec des mesures draconiennes qui sont souvent vécues comme nécessaires mais pas agréables, vous avez un problème. Cette crise a également donné lieu à une pénurie de contenu international, car les studios d'Hollywood ont préféré ne pas sortir leurs films dans de telles circonstances. Et puis il y a bien sûr un cercle vicieux qui s'installe : les studios attendent la reprise de la fréquentation des salles de cinéma et les cinémas attendent du contenu pour relancer cette fréquentation.

En tant qu'exploitant de cinémas, nous avons essayé d'aborder cette problématique de la manière la plus positive et la plus créative possible. Recevoir nos clients en toute sécurité était bien sûr notre principale préoccupation. Nous nous sommes mis au travail avec une campagne de réouverture enthousiasmante et une offre qui mettait en avant à la fois de nouveaux films, souvent plus petits ou locaux, et des reprises ou classiques du cinéma. Nous avons également continué à travailler sur de nouveaux concepts, tels que notre cinéma en plein air *Kinepolis on Tour* en Belgique, le *Private Cinema* aux États-Unis et un service de livraison à domicile au Canada. Et, dans l'intervalle, nous avons fait tout notre possible pour maintenir nos coûts au plus bas et viser l'optimisation des effectifs en personnel et de l'organisation, compte tenu du niveau d'activité. Un exercice d'équilibre constant, qui a eu un impact majeur sur nos collaborateurs. Indépendamment de toutes les initiatives que j'ai mentionnées ci-dessus, la réalité est que de nombreux collaborateurs sont restés au chômage technique pendant une grande partie de l'année 2020. Heureusement, ils ont fait preuve de beaucoup de compréhension mais, après tous ces mois, cette situation devient bien sûr pesante. La motivation à reprendre nos activités à plein régime au cours de l'année 2021 est donc particulièrement grande. »

Le cinéma en plein air *Kinepolis on Tour*

Qu'est-ce qui a permis à Kinepolis de mieux passer l'année écoulée que beaucoup d'autres entreprises durement touchées ?

Eddy Duquenne : « Chez Kinepolis, nous avons depuis 13 ans une stratégie qui vise à nous améliorer chaque année, à tous les niveaux de l'organisation.

Il peut s'agir d'augmenter l'efficacité, mais aussi de trouver de nouvelles sources de revenus en améliorant l'expérience du client. Cet exercice nous pousse chaque année à obtenir les mêmes résultats avec une hypothétique réduction de 5 % du nombre de visiteurs, ce qui abaisse le seuil de rentabilité de l'entreprise. Outre le fait que cette stratégie nous a mis à l'abri d'éventuels revers, elle induit également une grande prise de conscience et une importante responsabilité de tous ceux qui sont en charge d'une partie de nos activités, tant au niveau international, national que de chaque cinéma. Le fait que chacun connaisse très bien ses recettes et ses dépenses, jusque dans les moindres détails, et puisse agir lui-même à son niveau, nous a permis de réagir très rapidement. J'ai moi-même été étonné de la rapidité avec laquelle nous avons pu arrêter la machine.

En outre, nous avons toujours mené une politique financière prudente, ce qui s'est traduit par un faible taux d'endettement, malgré la croissance du Groupe, et par d'importantes réserves de trésorerie. Nous sommes de plus propriétaires d'une grande partie de notre immobilier cinématographique et bénéficions ainsi d'un tampon supplémentaire. Cette position immobilière importante garantit que, pendant les périodes d'inactivité – ou d'activité très limitée –, nous n'ayons pas à payer de loyer. »

Les plateformes de streaming ont connu une croissance considérable au cours de l'année écoulée et ont bénéficié de contenus exclusifs. Pensez-vous que le modèle de distribution traditionnel survivra ?

Eddy Duquenne : « Les développements que nous avons observés dans ce domaine au cours de l'année dernière ont tout à voir avec la bataille pour gagner des abonnés au streaming. Il y a de plus en plus de plateformes et elles ont toutes besoin de conquérir leur part du gâteau. Cette bataille avait en fait déjà commencé avant la pandémie, mais elle s'est intensifiée du fait que les gens devaient rester chez eux. De plus, les studios ont été contraints de prendre des mesures qui devaient leur permettre de survivre en tant qu'entreprise. Le marché du divertissement à domicile a donc connu une véritable accélération l'année dernière. Mais il ne faut pas oublier que regarder un film au cinéma et le faire chez soi, dans son canapé, est une expérience fondamentalement différente. Aller au cinéma, c'est une soirée, c'est vivre des émotions ensemble. Au cinéma, les lumières et les téléphones portables s'éteignent et vous vous abandonnez au moment présent.

> Nous voulons être le « sommelier » du film.
>
> Eddy Duquenne

Pendant les périodes de fermeture, les gens ne pouvaient pas non plus aller au restaurant et ont eu recours à des plats à emporter ou ont préparé eux-mêmes des plats, mais cela signifie-t-il qu'ils iront moins au restaurant à l'avenir ? Je ne pense pas. Cela nous motivera, en tant qu'exploitant de cinémas, à

nous concentrer encore plus sur l'expérience unique que représente le fait de regarder un film au cinéma.

Nous constatons depuis un certain temps que les gens sont plus disposés à payer pour l'expérience que pour le contenu. Ce qui ne veut pas dire que nous n'avons pas besoin de contenus exclusifs. À cet égard, je pense que la pandémie aura accéléré certaines tendances, sans en changer fondamentalement la chronologie. Une approche plus dynamique en termes d'exclusivité est à prévoir, mais la projection en salle de cinéma reste la plus importante source de revenus pour un film et a également une valeur marketing non négligeable pour le marché du divertissement à domicile. Il reviendra aux producteurs de fournir le bon contenu pour la bonne plateforme. Je pense que le cinéma lui-même sera amené à jouer un rôle de plus en plus important dans la sélection des contenus. Proposer les pépites à voir sur grand écran. Nous disons depuis plusieurs années que nous voulons être le « sommelier » du film. »

Enfin, comment voyez-vous l'avenir ?

Eddy Duquenne : « Positivement. L'impact du coronavirus sera encore bien présent en 2021 mais nous sommes convaincus que, à terme, nos salles de cinéma se rempliront à nouveau et nous mettrons tout en œuvre pour y arriver. Sur le plan financier, nous sommes suffisamment armés si cette reprise devait se faire attendre. Tout dépend de la rapidité à laquelle la vie « normale » peut reprendre dans les différents pays où nous opérons. Pour les mesures – et leur durée –, nous nous référons aux autorités compétentes de chaque pays. Le secteur a été touché, mais une crise de ce type entraîne immanquablement de nouveaux équilibres et de nouvelles opportunités. Plus que jamais, la créativité et l'entrepreneuriat feront la différence, et nous, Kinepolis, sommes bien placés pour prendre la tête du mouvement.

Ce que j'ai remarqué l'année dernière, c'est que les cinémas font vraiment partie de la vie quotidienne des gens. Nous leur avons manqué. Les gens ont envie d'échapper un peu à la réalité et de se détendre, de préférence en compagnie d'autres personnes. Cela souligne le rôle sociétal que jouent les cinémas, tant sur le plan culturel que social. En tant que secteur « non essentiel » – comme on l'appelle en temps de pandémie – nous ne nous sommes jamais sentis aussi essentiels. »

LA VISION DE TOM EVENS, PROFESSEUR D'ÉTUDES MÉDIATIQUES À L'UNIVERSITÉ DE GAND

« Le coronavirus accélère la tendance à amener les films directement chez le client. Disney a donné le ton, les autres studios ne peuvent pas rester à la traîne face à l'envolée de Disney+. Le cinéma reste cependant la première source de rentabilisation des coûts d'un film. Le streaming, étant donné ses faibles tarifs d'abonnement, n'est pas une option évidente à cet égard. »

« Les cinémas offrent une expérience particulière. Comparez avec le football : vous pouvez le regarder à la télévision, mais l'expérience du stade reste inégalée. Une certaine catégorie de cinéphiles veulent bénéficier d'un meilleur son et d'une meilleure image, en plus de lunettes 3D et d'effets d'odeurs dans les salles de cinéma. Les gens sont prêts à dépenser de l'argent pour une soirée au cinéma. »

Source : De Morgen, décembre 2020

RÉTROSPECTIVE 2020

Nos Country Managers témoignent

Kinepolis a été touché dans le monde entier mais a dû s'adapter à des vitesses différentes dans chaque pays, en fonction des mesures prises par les gouvernements locaux. Les équipes nationales ont fait preuve d'une flexibilité sans précédent pour faire face à un contexte local en constante évolution. **Six Country Managers reviennent sur 2020**. Comment ont-ils vécu l'année écoulée et qu'en ont-ils retiré ?

Dave QUICK

Country Manager Operations
Kinepolis Espagne

« Après la fin de l'état d'alerte nationale le 21 juillet, la politique Covid est devenue une responsabilité des 17 régions d'Espagne. Notre situation est alors devenue plus complexe parce que les régions ont mis en place des politiques différentes, ce qui s'est traduit par des différences régionales en ce qui concerne notamment les canaux de vente que nous pouvions utiliser, l'occupation de nos salles et la possibilité ou non de vendre des boissons et des snacks dans le cinéma.

Lorsqu'il est apparu clairement que les régions prenaient des mesures différentes en fonction de l'évolution de la pandémie, nous avons décidé de donner plus de responsabilités aux équipes locales, notamment en ce qui concerne la planification du personnel, la programmation, le nombre de salles ouvertes par cinéma et l'organisation des ventes de boissons et snacks dans le complexe (« in-theatre sales »). Il faut ajouter que les collègues du *Cinema Support Centre* ont fait tout leur possible pour soutenir au mieux les équipes locales. Le professionnalisme, la flexibilité et la maturité dont ont fait preuve nos équipes vont bien au-delà des attentes normales d'une entreprise.

Toute crise est synonyme de changement.
Vous devez toujours être prêt à réagir aux changements sur lesquels vous n'avez aucune prise.

Chez Kinepolis, nous y sommes parvenus grâce à notre stratégie budgétaire qui vise chaque année à améliorer à la fois notre efficacité et l'expérience du client. Cette stratégie stimule l'esprit d'entreprise et l'autonomie de nos équipes locales. Nos collaborateurs savent ce qu'ils font, jusque dans les moindres détails. Cela les rend également fiers et les motive à prendre leurs responsabilités et à progresser, même dans des circonstances difficiles. Au cours de l'année écoulée, nous avons prouvé que nous avons les outils nécessaires pour faire face à toute situation.

> Lorsqu'il est apparu clairement que les régions prenaient des mesures différentes, nous avons décidé de donner plus de responsabilités aux équipes locales

Dans les mois à venir, nous nous concentrerons sur le rétablissement de la fréquentation des salles de cinéma en offrant à nos clients une expérience unique et relaxante. La pression exercée sur notre secteur nous obligera à saisir de nouvelles opportunités. Je suis convaincu que, en tant qu'équipe, nous serons plus motivés que jamais, grâce aussi à une espèce de fierté face au chemin parcouru ensemble au cours de l'année écoulée. »

Carl LENAERTS

Country Manager Operations
Kinepolis BeLux

« Les premières semaines du confinement au printemps ont probablement été la période la plus difficile. Tous les problèmes opérationnels liés à une fermeture avaient alors été résolus. Il y avait un impact émotionnel qui suivait, presque tout le monde était au chômage temporaire. Mais nous nous sommes rapidement ressaisis et, avec une équipe restreinte, nous avons commencé à travailler sur la réouverture. Un protocole a été élaboré jusqu'au plus petit niveau. Cela a redonné de l'énergie à tout le monde. Tout était nouveau, car cette situation était unique, et les collaborateurs concernés en ont retiré beaucoup de satisfaction. En temps de crise, on constate que les gens évoluent plus rapidement. Ils se sont vraiment surpassés et ont ainsi montré le meilleur de notre organisation d'auto-apprentissage.

Un autre aspect positif d'une telle crise est qu'elle favorise la créativité et l'entrepreneuriat. L'horizon temporel était limité et on a moins pensé en silo. Tous les collaborateurs se sont ralliés autour d'un objectif commun et ont fait de leur mieux. Notre campagne de drive-in *Kinepolis on Tour* pendant l'été est un bel exemple de cet entrepreneuriat et de ce travail d'équipe exceptionnel.

Des lignes hiérarchiques courtes favorisent la communication et la rapidité dans la prise de décisions. C'est aussi souvent une question « d'oser décider », même si vous n'avez pas tous les éléments pour prendre cette décision en connaissance de cause. S'adapter en permanence à de nouvelles perspectives, voilà bien ce que nous avons appris aujourd'hui.

Aussi longtemps que la pandémie perturbera gravement nos activités, il importera de rester en contact avec les collaborateurs et de leur donner des perspectives. L'empathie est ici bien plus importante que les informations concrètes, qui font souvent défaut. Nous maîtrisons aujourd'hui tous les aspects liés aux processus mais l'aspect humain reste un défi, d'autant plus si la crise s'éternise. »

Joel KINCAID

Vice President Operations MJR, États-Unis

« Aux États-Unis, la pandémie de Covid sera loin d'être le seul événement de 2020 à entrer dans l'histoire mondiale. *Black Lives Matter* et l'élection présidentielle ont été des jalons tout aussi historiques. Chaque état américain a été confronté à des défis Covid spécifiques et les a relevés différemment. Tous nos cinémas MJR sont situés dans le Michigan, et là les portes se sont fermées le 16 mars. Ce n'est que sept mois plus tard, le 9 octobre, que nous avons à nouveau été autorisés à accueillir les cinéphiles dans nos salles. Nous avons lancé avec succès *Private+*, un nouveau concept permettant d'organiser des projections privées pour des groupes de 20 personnes au plus. Vu les contraintes strictes par rapport à la capacité d'accueil, c'était le moment idéal pour offrir une expérience privée à nos clients, d'autant que beaucoup hésitaient encore à se rendre dans des lieux publics. À peine un mois plus tard, la hausse des contaminations a provoqué une nouvelle fermeture de nos cinémas jusqu'au 23 décembre.

La majorité des cadres supérieurs de MJR travaillent ici depuis plus de 20 ans. Cela signifie que, en tant que groupe, nous avons déjà été confrontés à des problèmes majeurs auparavant. Bien sûr, rien n'aurait pu nous préparer à la crise de la Covid, mais l'expérience nous a donné confiance face aux obstacles que nous pouvons surmonter ensemble. L'incertitude a certainement été l'aspect le plus difficile de ces derniers mois. L'incertitude face à la date de la réouverture et la manière dont l'ensemble du secteur s'adapterait au nouveau contexte vous fait parfois naviguer à l'aveuglette. Mais l'industrie cinématographique est résistante et flexible et, en tant qu'entreprise, nous faisons preuve de la meilleure capacité d'adaptation sur tous les marchés.

En temps de crise, il est important de prendre des décisions rapidement et de mettre en œuvre des changements de manière efficace. Dans des circonstances normales, en tant qu'entreprise en croissance, vous allez ajouter de plus en plus de couches à votre organisation pour faciliter cette croissance. Mais en temps de crise, ces couches ralentissent souvent le processus et l'efficacité globale. Kinepolis comprend l'importance de l'agilité en octroyant de l'autonomie aux Country Managers et en visant la flexibilité dans les processus.

Nous avons appris que la croissance ne doit pas se faire au détriment de la flexibilité et de l'agilité, et que notre stratégie d'amélioration continue, soutenue par des collaborateurs actifs et motivés, est plus importante que jamais. »

Bill WALKER

Country CEO
Landmark Cinemas Canada

« Après le premier confinement, nous avons adapté nos opérations en fonction des restrictions imposées par chaque province du Canada. Les restrictions variaient d'un pourcentage de capacité maximale à un nombre fixe de visiteurs par salle, en passant par les snacks que nous étions autorisés à vendre ou non. La deuxième vague à l'automne a rapidement provoqué une nouvelle fermeture de pratiquement tous les cinémas Landmark (tous sauf deux à la fin décembre 2020).

> Les cinéphiles nous ont remerciés de leur avoir permis de s'évader un peu de la réalité en toute sécurité.

En réalité, quelques jours après la fermeture initiale, nous avons immédiatement commencé à nous concentrer sur la réouverture de nos salles en toute sécurité. Il était clair que la sécurité était la priorité absolue et qu'il serait important d'expliquer cet aspect en détail à nos clients par le biais de tous nos canaux médiatiques. La coopération tant au sein des équipes qu'entre les départements a été fantastique.

L'appréciation de nos clients a été gratifiante : les cinéphiles nous ont remerciés de leur avoir permis de s'évader un peu de la réalité en toute sécurité. Outre les mesures de sécurité, l'absence de nouveaux contenus constituait un défi. Avec notre slogan « Movies Are Better Together », nous avons malgré tout réussi à rester en contact avec les cinéphiles en leur faisant redécouvrir une sélection de classiques du cinéma sur grand écran. Au vu de notre part de marché, cette approche et le marketing qui l'a entouré ont porté leurs fruits.

Nous avons également tenté de trouver de nouvelles sources de revenus. C'est ainsi que nous avons lancé un service de livraison à domicile et, à la fin de 2020, nous avions déjà vendu près de 30 000 sachets de pop-corn de cette manière. C'est une façon de garder l'expérience cinématographique en tête, mais nous sommes convaincus que notre service de livraison à domicile continuera à avoir du succès après cette pandémie. Entre-temps, nous avons également continué à construire un nouveau complexe à Edmonton, dans l'Alberta. Ce complexe rassemble tous les nouveaux concepts que nous avons introduits dans le circuit Landmark ces dernières années : le laser ULTRA, une boutique *MarketPlace* en libre-service, des sièges inclinables de luxe et des *Premiere Seats* (la version canadienne des *Cosy Seats* de Kinepolis).

Je suis fier qu'à aucun moment le dynamisme de l'équipe Landmark et son engagement envers l'entreprise et nos activités n'aient faibli. Nous avons toujours recherché de nouvelles solutions pour améliorer notre façon de travailler dans le contexte actuel, sans perdre de vue les priorités stratégiques à long terme. Nous avons communiqué chaque semaine avec nos équipes canadiennes, nous avons célébré les petits succès et nous sommes restés fidèles à l'enjeu de notre mission : divertir les gens, enrichir leur vie par le cinéma. »

Kassandra DOMMISSE-REEBERGEN

Country Manager Operations
Kinepolis Pays-Bas

« Au sein de Kinepolis, les Pays-Bas ont été le premier pays où les cinémas ont rouvert leurs portes au début du mois de juin 2020. Nous avons été les premiers au sein du Groupe à mettre en place un protocole de sécurité strict, dont les enseignements ont certainement été précieux pour d'autres pays qui ont rouvert plus tard. Pendant l'été, nous avons eu la chance d'avoir de nombreux films locaux aux Pays-Bas, suivis par la sortie réussie de *Tenet* à la fin du mois d'août. De nouvelles fermetures ont suivi en novembre et décembre, et cette dernière nous a privé de la période de Noël.

Je suis très fière de l'état d'esprit pratique et de la flexibilité de nos équipes. Les flux de trafic ont dû être ajustés, de nouvelles procédures et plans de salle mis en place, une communication claire assurée via les médias sociaux, les prévisions financières : ce fut un véritable défi de s'adapter constamment à l'actualité du jour avec des ressources limitées. Mais nous l'avons relevé en équipe et nous avons réussi à maintenir une atmosphère positive malgré tout. Par le biais de la fédération du cinéma, nous avons également coopéré avec succès avec nos collègues et concurrents à la création d'un protocole sectoriel néerlandais privilégiant la sécurité des clients et des collaborateurs.

Et même en ces temps de Covid, nous sommes parvenus à ouvrir un nouveau cinéma, Kinepolis Haarlem. Une ouverture sans première festive malheureusement. Mais ce cinéma Kinepolis néerlandais tout neuf est prêt à conquérir le marché local en 2021.

Être confronté à quelque chose que vous ne pouvez pas contrôler vous rend plus créatif et plus entreprenant en tant qu'équipe. La mission était très claire pour tous : limiter les dégâts au maximum, pour l'entreprise et toutes les personnes concernées. Je pense qu'en ces temps nous devons surtout rester concentrés sur ce qui est possible, sur les opportunités plutôt que sur ce qui n'est pas/plus possible ou ce que nous aurions préféré voir différemment. Coopérer de manière constructive avec les distributeurs pour ramener des films formidables sur le grand écran, et offrir à nos visiteurs une formidable expérience cinématographique, cela reste l'essence même, y compris pour l'avenir. »

Philippe HALHOUTE

Country Manager Operations
Kinepolis France

« Après 100 jours de fermeture, nos cinémas français ont repris leurs activités le 22 juin, à l'époque encore sans obligation de porter un masque buccal pendant la projection. À la fin du mois d'août, le masque est devenu obligatoire mais il était encore permis de manger et de boire. À partir de la mi-octobre, un couvre-feu a été instauré à 21 heures, suivi d'une fermeture complète deux semaines plus tard.

En tant qu'équipe, nous avons pu nous adapter assez rapidement à ce nouveau contexte, grâce à une bonne communication tant au niveau local, national qu'international, et bien sûr aussi grâce à la flexibilité et à la force de nos équipes. Nous avons pris des mesures très rapidement pour réduire nos coûts. Le plus difficile à gérer, c'était que les décisions du Gouvernement tombaient souvent tard mais nécessitaient une réaction immédiate des équipes. En outre, pendant des périodes prolongées de fermeture, il est également difficile de maintenir la motivation et l'engagement de tous les collaborateurs.

Je suis très fier du pragmatisme et du positivisme dont nos équipes ont fait preuve face à ces circonstances exceptionnellement difficiles. Cette situation a également permis de resserrer les liens avec les collègues internationaux et notre CEO.

Aujourd'hui, il y a encore beaucoup d'incertitude, mais nous entrevoyons l'avenir de manière positive. Je suis convaincu que le secteur du cinéma ne sera plus tout à fait le même après cette crise, mais cela nous encourage à nous adapter et à lancer de nouveaux projets, afin de pouvoir à nouveau être performants et renouer avec la croissance que nous connaissons de longue date. Le nouveau cinéma que nous avons ouvert à Metz nous y aidera certainement. »

Kinepolis Thionville (FR)

Nos visiteurs

LE CINÉMA EST LÀ POUR TOUT LE MONDE

Jeunes et moins jeunes, cinéphiles invétérés ou amateurs occasionnels de superproductions, couples, familles, amis, fans d'horreur ou même amateurs d'opéra : le cinéma est là pour tout le monde. Ces dernières années, Kinepolis est passé d'une programmation passive à une programmation active. En d'autres termes, Kinepolis veille toujours à avoir une programmation variée pour répondre aux goûts de chacun. Compte tenu de notre société multiculturelle, nous projetons des films de cultures différentes.

VISITEURS D'ÉVÉNEMENTS D'ENTREPRISE

De nombreux visiteurs se rendent au cinéma grâce aux événements d'entreprise. En 2020, 12,9 % de notre chiffre d'affaires a été généré par les activités Business-to-Business. Il peut s'agir d'avant-premières, de congrès, de projections de films privées, de présentations d'entreprises, etc.

Réactions belges après *Tenet*

Nos visiteurs ont la parole

Séances pour les tout petits

« Birthday room » au Landmark Regina (CA)

Nos marques

KINEPOLIS, NOTRE MARQUE EN EUROPE

Kinepolis Group a été fondé à la fin des années 60, lorsque feu Albert Bert a repris le cinéma de quartier de Harelbeke à son père et l'a agrandi pour en faire un cinéma à deux salles. Dans les années qui ont suivi, Albert Bert a ouvert des cinémas comptant de plus en plus de salles et a ainsi jeté les bases du concept de multiplexe. En 1988, il a ouvert le Kinepolis de Bruxelles avec sa belle-sœur Marie-Rose Claeys-Vereecke. Avec pas moins de 25 salles, il s'agissait du premier mégaplexe au monde. En 1997, les familles Bert et Claeys ont fusionné en un seul groupe, Kinepolis Group. Depuis 2006, la famille Bert est l'unique actionnaire familial.

Animé par la même volonté d'innovation et d'orientation client que ses fondateurs ont démontrée dès le départ, Kinepolis est devenu au fil des ans un exploitant de cinémas européen de premier plan. Kinepolis a fait son entrée en bourse en 1998 et est dirigé depuis 2008 par son CEO Eddy Duquenne, qui a introduit une nouvelle stratégie commerciale fructueuse et a considérablement développé le groupe depuis 2014, notamment par l'acquisition de Landmark Cinemas Canada et de la société américaine MJR Digital Cinemas.

Albert Bert

Premier cinéma à Harelbeke

Cotée en bourse depuis plus de 20 ans

KLUB, LE CONCEPT DE CINÉMA ART ET ESSAI DE KINEPOLIS

En 2018, Kinepolis a développé un concept et une marque de cinéma alternatif pour un cinéma plus petit dans le centre de Metz (FR). La programmation du KLUB est composée à 90 % de films d'auteur.

Kinepolis Breda (P-B)

MJR Digital Cinemas Partridge Creek (États-Unis)

Landmark Calgary (CA)

LANDMARK CINEMAS, NOTRE MARQUE AU CANADA

Landmark Cinemas est le deuxième groupe cinématographique au Canada. Le groupe a été fondé en 1965 et était principalement un groupe de petits cinémas régionaux jusqu'à ce qu'il reprenne en 2013, avec TriWest Capital, les 22 complexes cinématographiques Empire situés en Ontario et dans l'Ouest du Canada. À la fin 2017, Landmark Cinemas a été racheté par Kinepolis Group qui faisait ainsi sa première entrée sur le marché nord-américain. Les cinémas canadiens continuent d'opérer sous la marque établie Landmark Cinemas.

MJR DIGITAL CINEMAS, NOTRE MARQUE AUX ÉTATS-UNIS

MJR Digital Cinemas a été fondé en 1980 par Mike Mihalich et est devenu un groupe de dix multi- et mégaplexes dans le Michigan (région de Detroit). Le groupe cinématographique américain a été racheté en octobre 2019 par Kinepolis Group, qui a ainsi fait ses premiers pas aux États-Unis. Les complexes cinématographiques américains continuent d'opérer sous la marque établie MJR Digital Cinemas.

Notre équipe

Des milliers de collaborateurs mettent chaque jour tout en œuvre afin que des millions de visiteurs puissent passer un moment cinématographique inoubliable. Cependant, en raison de la crise du coronavirus, beaucoup de ces talents ont été au chômage temporaire en 2020, en attendant la reprise de notre activité cinématographique.

L'expérience cinématographique ultime débute et se termine avec les personnes qui lui donnent vie au quotidien, devant ou derrière les écrans. Kinepolis vise dès lors une croissance durable en recrutant, retenant et développant les talents. Un environnement de travail dans lequel nos employés peuvent utiliser et développer leurs talents au maximum est essentiel à cet effet, et c'est un endroit où les valeurs de Kinepolis sont mises en pratique et où chacun se voit offrir des possibilités d'épanouissement professionnel et/ou personnel.

H / F
RÉPARTITION

ÂGE
RÉPARTITION

L'ENTREPRENEURIAT AU CENTRE

L'entrepreneuriat et la responsabilisation des collaborateurs sont stimulés et facilités au maximum chez Kinepolis. Nous voulons confier la responsabilité des objectifs et budgets des départements au plus grand nombre de collaborateurs possible, afin de leur permettre de contribuer activement à l'amélioration continue des activités de Kinepolis. Cette approche ascendante fait partie de l'ADN de Kinepolis. À la lumière de la pandémie de Covid-19, elle a permis à l'entreprise de s'adapter très rapidement à l'actualité et de prendre des mesures à tous les niveaux.

VALEURS K

Mettre le client au centre, collaborer de manière constructive, effectuer son travail de manière correcte et efficace, faire preuve de flexibilité par rapport aux changements et faire preuve d'initiative et d'entrepreneuriat : chacun est censé donner vie à ces aspects à titre individuel ou en équipe.

Nos collaborateurs ont la parole

Cette conception va de pair avec la création et la stimulation de « réseaux apprenants », au sein desquels les collaborateurs ayant des fonctions similaires, mais dans des cinémas différents, ont des échanges pour acquérir de nouvelles connaissances et apprendre les uns des autres. C'est ce que nous entendons par la culture d'« auto-apprentissage » de notre organisation.

Kinepolis s'efforce également d'être une organisation « auto-innovante ». L'Innovation Lab a été créé à cette fin en 2016, encourageant tous les collaborateurs – des étudiants aux cadres – à se remettre constamment en question, à écouter activement les clients et à proposer des idées créatives, dans le cadre de leur fonction ou au-delà.

KINEPOLIS ACADEMY

En 2019, Kinepolis a introduit une nouvelle Kinepolis Academy avec plusieurs nouveaux programmes d'apprentissage et de formation en ligne à différents niveaux (Star(t)s, Professional, Lead & Develop). Il existe également des programmes de coaching personnel pour les cadres et, depuis 2017, des formations « Insights Discovery » sont organisées pour les équipes. En 2020, la formation portait entièrement sur les mesures de sécurité Covid-19 dans nos cinémas. Pratiquement toutes les autres activités de formation ont été suspendues.

TALENT FACTORY

Kinepolis tente de stimuler la mobilité interne par le biais d'évaluations de talents et d'un dialogue ouvert entre le collaborateur et le dirigeant. Ces dernières années, de nombreux collaborateurs sont passés de postes opérationnels dans le cinéma à des postes de cadres moyens et supérieurs.

Kinepolis emploie également, en tant qu'exploitant de cinémas, un grand nombre de collaborateurs temporaires, dont des centaines d'étudiants par an en Belgique. Kinepolis procure ainsi à ces jeunes une première expérience professionnelle et les accompagne dans l'acquisition d'une multitude de compétences professionnelles, comme le travail en équipe et la prise de responsabilités

Pour plus d'informations sur notre politique en matière de ressources humaines, voir la partie II : « Rapport de durabilité ».

Activités principales

Notre organisation se compose de sept activités principales, autant d'ingrédients pour l'expérience cinématographique ultime.

BOX OFFICE

L'activité Box Office porte sur la vente de tickets de cinéma. Son évolution est largement tributaire de plusieurs facteurs externes, dont la météo et la programmation.

Kinepolis essaie continuellement d'optimiser la capacité et l'occupation des salles en proposant une offre variée de films et d'événements culturels pour toucher un public aussi large que possible. Grâce à une politique de programmation active, nous nous efforçons d'avoir une offre pour différents groupes cibles à tout moment. L'offre classique de films est également complétée en permanence par des contenus alternatifs (art, opéra, ballet, concerts...) et des formules événementielles (marathons, Ladies at the Movies, nuits d'horreur...).

OPÉRA AU CINÉMA

ART AU CINÉMA

BALLET AU CINÉMA

THÉÂTRE AU CINÉMA

Boutique Kinepolis à Brétigny-sur-Orge (FR)

IN-THEATRE SALES

In-theatre sales (ITS) comprend toutes les activités liées à la vente de boissons et de snacks dans les complexes cinématographiques. Cette activité n'a cessé de gagner en importance au cours des dernières années par des innovations sur le plan de l'infrastructure et de l'offre. Aujourd'hui, la plupart des cinémas européens disposent de la boutique Kinepolis en libre-service bien connue. Au Canada, elle a été créée sous le nom de *MarketPlace*. Dans chaque pays ou région, l'offre de cette boutique est complétée de produits locaux. Kinepolis développe également d'autres concepts ITS dans le cadre de cette activité, tels que les coins café et le « Leonidas Chocolates Café ». En ce qui concerne l'ITS, nous visons également une offre répondant aux besoins de divers groupes cibles.

LANCEMENT DE « MARKETPLACE » AU CANADA

Depuis la fin 2018, le concept de boutique Kinepolis a également été introduit au Canada. Depuis lors, les cinémas Landmark de Kanata, Whitby, Shawnessy et Edmonton disposent d'un *MarketPlace*.

Kinepolis Rouen (FR)

B2B Madrid (ES)

BUSINESS-TO-BUSINESS

Depuis la numérisation du cinéma et grâce à leur infrastructure avancée et flexible, les cinémas Kinepolis se profilent comme des lieux B2B idéaux, pour des congrès, événements d'entreprises et avant-premières. Outre l'organisation d'événements d'entreprise, l'activité B2B comprend la vente de vouchers aux entreprises et les campagnes publicitaires dans les cinémas.

CHIFFRE D'AFFAIRES
PAR ACTIVITÉ EN 2020

REAL ESTATE

Kinepolis dispose d'un département qui coordonne la gestion, la valorisation et le développement du portefeuille immobilier du Groupe. Kinepolis se distingue de nombreux autres exploitants de cinémas par sa position unique en matière d'immobilier. En effet, le Groupe possède une grande partie de son immobilier (53 cinémas, qui génèrent ensemble 59 % des visiteurs). Plus de 90 000 m² dans les cinémas appartenant à Kinepolis sont loués à des tiers. La clientèle de ces commerces (principalement des boutiques et des établissements horeca) est souvent générée par la présence du cinéma.

DIGITAL CINEMA SERVICES

Digital Cinema Services (DCS) concentre toute l'expertise technique de Kinepolis en matière de son et de projection numérique. Cette expertise est exploitée dans un premier temps en interne, mais Kinepolis DCS propose également parfois des services technologiques à des tiers.

DISTRIBUTION DE FILMS EN BELGIQUE ET AU LUXEMBOURG

Kinepolis Film Distribution (KFD) prend en charge la distribution de films internationaux et nationaux en Belgique et au Luxembourg. Spécialiste de films flamands, KFD occupe une place de choix dans le paysage cinématographique belge. Via KFD, Kinepolis soutient également la production et la promotion du cinéma flamand. KFD travaille en étroite collaboration avec d'autres partenaires, dont Dutch FilmWorks, le principal distributeur indépendant des Pays-Bas. KFD diffuse ainsi en Belgique et au Luxembourg des films du catalogue DFW.

LA PUBLICITÉ À L'ÉCRAN EN BELGIQUE

La régie publicitaire belge Brightfish propose un vaste éventail de canaux médias tournant autour du cinéma, pour tous ceux qui recherchent une communication ciblée avec le spectateur.

BRIGHTFISH

Kinepolis St-Julien-lès-Metz (FR)

Notre stratégie

L'EXPÉRIENCE CINÉMATOGRAPHIQUE ULTIME

Par sa stratégie d'entreprise, Kinepolis vise à créer une valeur durable pour ses clients, ses collaborateurs, ses actionnaires, ses partenaires et l'environnement. Les trois piliers de son modèle stratégique vont de pair avec l'entrepreneuriat durable.

Tous ces piliers ont pour objectif la création de *The Ultimate Movie Experience*, une expérience unique pour les amateurs de cinéma et de culture par le biais d'un concept cinématographique centré sur l'expérience intégrale du visiteur.

Kinepolis Brétigny-sur-Orge (FR)

Les 3 piliers

KINEPOLIS VEUT ÊTRE
le meilleur exploitant de cinémas

KINEPOLIS VEUT ÊTRE
le meilleur marketeur

KINEPOLIS VEUT ÊTRE
le meilleur gestionnaire immobilier

Meilleur exploitant de cinémas

Nous voulons être le meilleur exploitant de cinémas et nous nous efforçons donc d'offrir une expérience client et cinématographique de qualité supérieure, afin que les visiteurs puissent profiter d'une petite sortie au cinéma ou d'un événement professionnel dans les meilleures conditions possibles.

Le moteur interne à cette fin est une **organisation auto-apprenante** dans laquelle les idées d'amélioration continue des activités et de l'expérience client sont stimulées de la base vers le sommet.

Kinepolis Innovation Lab

Chaque année, toutes les équipes de cinéma proposent des mesures à la fois génératrices de chiffre d'affaires et axées sur l'efficacité pour abaisser systématiquement le seuil de rentabilité (à raison d'une hypothétique réduction de 5 % du nombre de visiteurs par an [1]). Cet exercice annuel, associé à une structure d'entreprise uniforme, à des rapports de gestion détaillés et à l'organisation de moments de contact où les responsables d'activité et de budget peuvent s'inspirer mutuellement, assure depuis près de 15 ans la réalisation d'un potentiel d'amélioration continue dans les complexes cinématographiques, qu'ils soient matures ou nouveaux.

En 2016, l'importance croissante de l'innovation de produit à cet égard et, donc, la perpétuation du succès de l'entreprise à plus long terme ont conduit à la création du **Kinepolis Innovation Lab**, une plateforme interne qui vise à stimuler autant que possible l'innovation et l'entrepreneuriat chez chaque collaborateur.

LES COLLABORATEURS DEVIENNENT DES ENTREPRENEURS

Dans chaque cinéma, un certain nombre de managers locaux sont responsables d'une certaine partie de l'activité. Ces responsables d'activité ou de budget ont la possibilité de devenir des « mini-entrepreneurs » et d'échanger régulièrement des expériences et des idées avec leurs collègues d'autres cinémas. De cette façon, ils peuvent s'appuyer sur un trésor de connaissances et d'expérience dans le domaine du cinéma et cela permet aux collaborateurs de s'inspirer mutuellement, y compris au-delà des frontières nationales.

Plus d'un employé de Kinepolis sur dix a la responsabilité finale des objectifs et du budget du département. En s'efforçant de placer les responsabilités au plus bas niveau possible dans l'organisation, on offre de nombreuses possibilités de croissance et de développement à tous les collaborateurs et on cultive l'entrepreneuriat au sein des cinémas.

(1) Une diminution de 5 % du nombre de visiteurs n'est évidemment pas un objectif, mais simplement une approche visant à simuler un abaissement du seuil de rentabilité.

L'équipe de Kinepolis Haarlem (P-B)

L'entrepreneuriat est stimulé au maximum

Lorsque la crise du coronavirus a éclaté, cette stratégie et cette culture d'entreprise ascendantes ont grandement aidé Kinepolis à prendre rapidement les mesures appropriées. Les responsables d'activités et de budgets connaissent leurs recettes et leurs dépenses et peuvent eux-mêmes prendre des mesures immédiates. Grâce à la responsabilité de chacun et à une action rapide, Kinepolis a réussi à réduire encore ses coûts fixes. En 2020, les responsables de budgets et leurs équipes ont été plus que jamais mis au défi de réfléchir à des solutions et d'être créatifs dans la gestion de « leur » activité.

INDICE DE SATISFACTION DE LA CLIENTÈLE (CSI)

Grâce à l'indice de satisfaction de la clientèle, nous évaluons, par le biais d'une enquête en ligne après chaque visite, les différents aspects de l'expérience client : ce que les gens pensent du film, la qualité de l'image et du son, le service, la propreté, la convivialité, les temps d'attente, etc. Le CSI nous permet de recueillir en permanence les commentaires des clients, de façon très détaillée. Ces résultats sont analysés et publiés quotidiennement au niveau des équipes, des cinémas et à l'échelle nationale. Kinepolis adapte continuellement ses activités ainsi que la programmation des films sur la base du retour de ses clients.

INDICE DE SATISFACTION DU PERSONNEL

Kinepolis utilise l'indice de satisfaction du personnel (PSI) pour mesurer chaque année la satisfaction de ses collaborateurs. Les collaborateurs sont invités à exprimer, de manière tout à fait anonyme, ce qu'ils pensent de Kinepolis en tant qu'employeur, en mettant en exergue ce qui les satisfait et ce qu'il conviendrait d'améliorer. Les résultats sont ensuite discutés en équipe avant d'être traduits en actes.

MESURER, C'EST SAVOIR

Chez Kinepolis, outre les paramètres financiers, la satisfaction des clients (Customer Satisfaction Index, CSI) et la satisfaction des collaborateurs (People Satisfaction Index, PSI) sont des KPI essentiels qui sont suivis de près à tous les niveaux de l'organisation.

INVESTIR DANS LE TALENT

Avec une stratégie fortement axée sur la créativité des collaborateurs, notre capital humain est notre meilleur atout. Il est essentiel pour Kinepolis de recruter, d'encadrer et de retenir des collaborateurs qui s'intègrent dans la culture d'entreprise de Kinepolis et qui sont capables de mettre en œuvre l'amélioration continue des activités et de l'expérience client de la base au sommet. L'entrepreneuriat est profondément ancré dans l'ADN de l'organisation, c'est pourquoi nous nous efforçons consciemment d'attirer des collaborateurs qui s'autogèrent tout en étant d'excellents équipiers ayant le souci du détail.

Meilleur marketeur

Grâce à une interaction intensive avec nos visiteurs, nous voulons répondre aux souhaits et aux besoins du public, avec une offre sur mesure.

Ces dernières années, Kinepolis a développé une stratégie de marketing relationnel de premier ordre (basée sur une connaissance approfondie du client et de ses préférences) et une politique de programmation active.

MARKETING RELATIONNEL

La stratégie de marketing de Kinepolis vise à mieux connaître le client et ses préférences. Compte tenu de l'énorme augmentation du nombre de films programmés aujourd'hui et de la pression exercée sur le modèle hollywoodien traditionnel dans lequel le distributeur fait unilatéralement la promotion d'un film mais a de plus en plus de mal à atteindre les consommateurs, Kinepolis veut utiliser le marketing direct pour informer les clients sur les films dont le genre, les acteurs ou le réalisateur correspondent à leurs préférences. C'est ainsi que la mission de Kinepolis a évolué au cours de la dernière décennie, passant de « the ultimate cinema experience » (meilleure image, confort des sièges, etc.) à *The Ultimate Movie Experience*. En effet, le bon film est aussi important pour une sortie au cinéma réussie. Des millions de clients reçoivent par e-mail, l'appli ou le site Web des recommandations pour des films et des événements en fonction de leurs préférences personnelles.

Pour l'avenir, Kinepolis veut investir davantage encore dans la relation avec ses clients, notamment par la fourniture de services en ligne et mobiles.

« MARKETING AS A SERVICE »

En Europe, nous pouvons aujourd'hui atteindre 5,1 millions de clients grâce au marketing par e-mail (contre une clientèle que nous estimons à plus de 6,6 millions de visiteurs uniques au niveau européen). Plus de 1,1 million d'entre eux se sont abonnés à la lettre d'information My Kinepolis. Les e-mailings comprenant des recommandations de films et d'événements s'adressent toujours à un groupe cible limité, en fonction des connaissances que nous avons accumulées à propos de nos clients. Si l'on prend l'exemple de la Belgique, un e-mailing est envoyé en moyenne à seulement 7 % de la base de données.

Il va sans dire que Kinepolis attache la plus grande importance à la protection des données à caractère personnel. Le respect des clients est intrinsèquement lié au respect de leurs données. Deux aspects que Kinepolis prend extrêmement au sérieux (voir partie II : Rapport de durabilité).

Contenu alternatif

PROGRAMMATION ACTIVE

L'offre Kinepolis ne se limite pas aux grands succès internationaux du moment. Ces dernières années, Kinepolis est passé d'une programmation passive à une programmation active. Dans cette perspective, Kinepolis choisit les films en fonction des préférences de ses clients, qui peuvent différer d'un complexe à l'autre. Kinepolis s'efforce de proposer, à tout moment de l'année, une offre adéquate pour chacun de ses groupes cibles.

Ces dernières années, Kinepolis a complété avec succès son offre de contenus par des contenus « alternatifs » tels que la culture au cinéma (opéra, ballet, art, théâtre), les films multiculturels (films polonais, russes, turcs, indiens…), les concerts, les transmissions en direct d'événements, etc.

Cosy Seating avec une tablette pratique

Premiere Seats, la version inclinable du concept de *Cosy Seating*.

EXPÉRIENCE

L'expérience que nous offrons est une autre clé importante du succès. Avec l'offre croissante de contenus via le divertissement à domicile, les visiteurs sont plus que jamais à la recherche d'une expérience. Voilà pourquoi Kinepolis investit beaucoup dans l'innovation de produits et les concepts d'expérience. La majeure partie de ces innovations s'inscrit dans la poursuite de l'élargissement de l'offre, grâce à laquelle Kinepolis entend répondre aux souhaits de différents groupes cibles.

COSY SEATING

Les *Cosy Seats* sont des sièges encore plus confortables dotés d'accoudoirs extra larges, d'une tablette pratique pour les boissons et les snacks et d'un petit porte-manteau. Ces *Cosy Seats* sont disponibles moyennant un supplément sur le prix normal du ticket. Au Canada, le concept a été lancé sous l'appellation *Premiere Seats*.

SIÈGES INCLINABLES

Le concept de sièges inclinables est très populaire en Amérique du Nord. Il s'agit de sièges entièrement inclinables et automatisés avec repose-pieds, qui garantissent une sortie au cinéma 100 % détendue. Landmark Cinemas Canada, qui a été le premier à introduire ce concept au Canada, a maintenant équipé la plupart de ses multiplexes de sièges inclinables.

LASER ULTRA

Avec Laser ULTRA, Kinepolis associe la qualité d'image unique du projecteur laser 4K de Barco au système audio immersif Dolby Atmos. Grâce à la combinaison de ces deux technologies, les visiteurs vivent le film plus intensément encore et s'aventurent au cœur de l'action.

16
CINÉMAS FULL-LASER (1)

(1) Aperçu à la date de publication

35
SALLES LASER ULTRA

56
SALLES AVEC DOLBY ATMOS

4DX ET MX4D
La technologie cinématographique 4D innovante du 4DX et du MX4D fait passer l'image de superproductions débordant d'actions à un niveau supérieur, bien au-delà de l'expérience au cinéma traditionnelle, grâce à des effets spéciaux tels que des sièges mobiles, des simulations météorologiques et des effets d'odeurs, parfaitement synchronisés avec l'action à l'écran. Cette technologie cinématographique révolutionnaire stimule tous les sens et rend le visionnage de films encore plus intense.

SCREENX
ScreenX est la première technologie multi-projection au monde capable de procurer au spectateur une expérience visuelle à 270° en étendant la scène aux parois latérales de la salle. Kinepolis a ouvert plusieurs salles ScreenX en Europe depuis la fin de l'année 2019.

IMAX
Landmark Cinemas Canada dispose de 5 salles IMAX. Au Kinepolis de Bruxelles et d'Anvers, les cinéphiles peuvent également vivre une expérience IMAX immersive pour les plus grands films à succès. Il s'agit de salles « IMAX avec Laser » dotées d'un projecteur laser 4K combiné à une expérience audio immersive.

En outre, Kinepolis s'engage pleinement dans des formules événementielles visant à rassembler des fans, comme des marathons, des concerts uniques, les nuits d'horreur, les Ladies at the Movies, les week-ends pour enfants, etc.

Une expérience visuelle à 270 degrés dans une salle ScreenX

PROJECTION LASER
Les projecteurs laser garantissent une qualité d'image sublime tout en permettant d'économiser 40 % d'énergie par rapport aux projecteurs à lampes au xénon. Cette technologie assure un éclairage plus stable, mais aussi plus de lumière dans les coins, ainsi qu'un meilleur contraste. En juin 2018, Kinepolis a conclu un accord avec Cinionic pour équiper environ 300 salles de cinéma avec des lasers Barco d'ici à la mi-2021. Dans le cadre de cet accord, 210 projecteurs laser avaient déjà été installés fin 2020, ce qui aboutit à un total de 257 salles équipées de projection laser fin 2020.

13
SALLES 4D

5
SALLES SCREENX

7
SALLES IMAX

Meilleur gestionnaire immobilier

Kinepolis possède une grande partie de son immobilier cinématographique, plus précisément 53 complexes qui ont généré 59 % des visiteurs en 2020.

La plupart des complexes cinématographiques loués sont des complexes plus petits, repris, principalement aux Pays-Bas et au Canada.

IMMOBILIER CINÉMATOGRAPHIQUE

Posséder notre immobilier cinématographique a un impact significatif sur le profil de risque de la société. En effet, Kinepolis est moins sensible à l'inflation et cela nous donne la possibilité de réutiliser la surcapacité en cas de changement dans le succès à long terme du cinéma. Citons par exemple l'installation d'une aire de jeux intérieure à Madrid, d'un mur d'escalade en France, etc.

La solide position immobilière du Groupe est également un avantage majeur dans la gestion optimale de l'impact de la crise du coronavirus. En effet, pendant les périodes d'inactivité – ou d'activité très limitée – Kinepolis ne doit pas continuer à payer un loyer pour les complexes qu'il possède.

Aire de jeux intérieure « The magic Forest » à Madrid (ES)

Kinepolis Servon (FR)

53

COMPLEXES EN PROPRIÉTÉ

Kinepolis Haarlem (P-B)

Établissement horeca à Courtrai (BE)

Établissements horeca à Kinepolis Kirchberg (LU)

Café Leonidas à Anvers (BE)

Kinepolis loue plus de 90 000 m² au sein de ses cinémas à des tiers (principalement des établissements horeca). La clientèle de ces commerces est souvent générée par la présence du cinéma.

Ces dernières années, le département Real Estate a également été étroitement impliqué dans la réalisation de la stratégie d'expansion du Groupe en ce qui concerne le développement, la réalisation et la coordination de nouveaux projets de construction. Kinepolis veut continuer à gérer, valoriser et développer de manière optimale son portefeuille immobilier unique.

Croissance internationale

Kinepolis souhaite introduire son concept sur de nouveaux marchés et auprès de nouveaux groupes cibles et contribuer ainsi à plus de création de valeur pour toutes les parties prenantes.

Ces dernières années, de grands pas ont été franchis dans le cadre de la mise en œuvre de la stratégie d'expansion du Groupe. Le nombre de cinémas dans le portefeuille de Kinepolis est passé de 23 à 114 au cours des six dernières années.

STRATÉGIE D'EXPANSION

La stratégie commerciale décrite ci-dessus est également la base d'une expansion réussie, car Kinepolis se concentre sur les cinémas et les groupes de cinéma où il peut introduire sa culture d'entreprise auto-apprenante et son modèle organisationnel afin de réaliser le potentiel d'amélioration. La réalisation de ce potentiel d'amélioration dépend de la créativité et de la capacité des équipes. C'est pourquoi Kinepolis tiendra toujours compte du capital financier et humain pour son expansion.

Kinepolis Group est organisé en fonction de ses marchés géographiques. Chaque pays dispose d'un *Cinema Support Centre* national qui gère et soutient de manière autonome les cinémas du pays concerné. En cas d'expansion sur un marché existant, l'équipe nationale est responsable de l'intégration des cinémas concernés, assistée par le *Cinema Support Centre* international, situé à Gand, en Belgique.

MJR Troy (États-Unis)

MJR Brighton (États-Unis)

164
SALLES

ACQUISITION DE MJR DIGITAL CINEMAS (ÉTATS-UNIS) EN 2019

Fin 2019, Kinepolis a conclu l'acquisition de la société américaine MJR Digital Cinemas, faisant ainsi son entrée aux États-Unis. MJR Digital Cinemas, dont le siège est à Bloomfield Hills, Michigan, compte 10 complexes cinématographiques pour un total de 164 écrans et plus de 16 000 places, tous situés dans le Michigan. Tous les complexes concernés sont des multiplexes et mégaplexes dont la capacité varie entre dix et vingt salles.

Parmi les complexes concernés, sept appartiennent au Groupe (114 écrans), dont trois sur un terrain en emphytéose, et les trois autres sont en location (50 écrans). Le Groupe compte trois mégaplexes de 20 salles chacun, cinq complexes de 16 salles, un de 14 salles et un de 10 salles. Toutes les salles sont équipées d'un son surround numérique 5.1 et deux complexes disposent d'un auditorium *Epic Experience*, où la projection 4K est associée au son Dolby Atmos. Presque tous les complexes sont par ailleurs équipés du concept de sièges « recliner », à savoir les sièges motorisés entièrement inclinables avec repose-pieds qui rencontrent également un franc succès au Canada.

Kinepolis continuera à exploiter MJR sous la marque existante. La première phase d'intégration de MJR Digital Cinemas a démarré au début de l'année 2020.

6
SALLES

Kinepolis Haarlem

Kinepolis Haarlem (P-B)

Kinepolis « Full » à Barcelone (ES)

28
SALLES

Cinéma « Full »

OUVERTURE DE KINEPOLIS HAARLEM

En pleine crise du coronavirus, Kinepolis a ouvert un nouveau cinéma dans la ville néerlandaise de Haarlem le 8 octobre 2020. Ce cinéma compte 937 places réparties dans 6 salles, toutes équipées d'une projection laser. En outre, l'une d'entre elles dispose de la technologie Laser ULTRA. Dans cette salle, Kinepolis associe la projection laser 4K au son Dolby Atmos pour une expérience cinématographique encore plus intense. Ce tout nouveau cinéma fait partie du réaménagement du Centre Schalkwijk. En parallèle aux appartements et à une zone commerciale, ce projet urbain inclut également un parking en surface de 600 places et un nouveau pont d'accès à la zone. Kinepolis a hérité du projet de nouveau cinéma à la suite de l'acquisition des cinémas NH Bioscopen en janvier 2018.

RÉNOVATION « FULL » À BARCELONE

En Espagne, le premier confinement a été mis à profit pour rénover en profondeur le cinéma « Full » de Barcelone, repris en 2019. Les travaux ont notamment permis de rénover entièrement la boutique du cinéma. Le cinéma de Barcelone, qui compte 28 écrans et plus de 2 500 sièges, continuera à fonctionner sous la marque établie « Full ».

OUVERTURES 2021

KINEPOLIS METZ WAVES

Au premier trimestre 2021, Kinepolis a ouvert un nouveau cinéma dans le centre commercial Waves-Actisud à Moulins-lès-Metz (France). Le cinéma compte 6 salles et environ 900 sièges. Kinepolis prévoit d'accueillir environ 300 000 visiteurs par an dans cette nouvelle implantation française.

LANDMARK TAMARACK EDMONTON

Au premier trimestre 2021, un nouveau cinéma Landmark a également ouvert ses portes à Edmonton, dans la province de l'Alberta, au Canada. Landmark Cinemas inaugure ainsi son expérience cinématographique premium des sièges inclinables sur le site « Grove on 17 », dans la région de Tamarack, au sud-est d'Edmonton. Les huit salles de cinéma sont toutes équipées des luxueux sièges inclinables Landmark. Ce nouveau cinéma est aussi entièrement équipé de la projection laser Barco de Cinionic et propose une boutique *MarketPlace*, en parfaite adéquation avec le concept de boutique Kinepolis bien connu. Landmark prévoit d'accueillir environ 400 000 visiteurs par an.

KINEPOLIS LEIDSCHENDAM

En mars 2021, Kinepolis a également ouvert un nouveau cinéma dans le cadre du projet « Westfield Mall of the Netherlands » à Leidschendam (Pays-Bas). Le « Westfield Mall of the Netherlands » est un projet de Westfield-Unibail-Rodamco qui a transformé le centre commercial Leidsenhage en plus grand centre commercial des Pays-Bas. Le cinéma compte 11 salles et Kinepolis prévoit d'y accueillir environ 500 000 visiteurs par an.

Kinepolis continue de miser sur l'expansion et divers projets dans plusieurs pays sont en cours d'évaluation, qu'il s'agisse d'acquisitions potentielles ou de nouvelles constructions.

Kinepolis Leidschendam (P-B)

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Kinepolis Leidschendam (P-B)

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Kinepolis Metz Waves (FR)

Landmark Tamarack Edmonton (États-Unis)

11

SALLES

Westfield Mall of the Netherlands

Reconnaissance mondiale

Le concept de cinéma de Kinepolis est une référence dans le secteur et a déjà reçu de nombreux prix prestigieux.

2014

GLOBAL ACHIEVEMENT IN EXHIBITION

LAS VEGAS — En 2014, le CEO Eddy Duquenne a reçu le prix du « meilleur exploitant de cinémas au monde » lors de la CinemaCon à Las Vegas, une reconnaissance mondiale pour l'expérience que Kinepolis offre à ses clients.

2017

INTERNATIONAL EXHIBITOR OF THE YEAR

BARCELONE — La reconnaissance européenne a suivi en 2017, lorsque Eddy Duquenne a reçu le prix « International Exhibitor of the Year ». Ce prix, décerné chaque année lors de CineEurope par UNIC et Film Expo Group, récompense un exploitant de cinémas qui, grâce à ses performances, ses développements, sa croissance et sa dominance sur le marché, devient un porte-drapeau de l'industrie.

2019

ENTREPRISE DE L'ANNÉE 2019 EN BELGIQUE, LE MARCHÉ DOMESTIQUE DE KINEPOLIS

BRUXELLES — En octobre 2019, Kinepolis s'est vu remettre par sa Majesté le Roi des Belges le titre d' « Entreprise de l'Année® 2019 » pour la Flandre. La 25e édition de ce prestigieux événement, organisé par EY en coopération avec De Tijd et BNP Paribas Fortis, s'est déroulée à l'Auditorium 2000 du Heysel à Bruxelles et avait une connotation festive supplémentaire en raison de cette édition anniversaire. En lançant ce titre d'« Entreprise de l'Année® » en 1995, EY souhaitait mettre en avant les belles performances des entreprises belges.

Les autres nominés étaient Actief Interim, Aertssen et Torfs. Le jury a choisi Kinepolis en raison de sa croissance impressionnante et de ses résultats financiers extraordinaires, de son entrepreneuriat et de son développement international, de sa culture de l'innovation et de sa bonne gouvernance.

La **présidente du jury, Michèle Sioen** : « En plus de son impressionnante stratégie d'expansion, qui a récemment culminé avec son expansion aux États-Unis, Kinepolis se distingue en « responsabilisant » ses collaborateurs et en créant une valeur ajoutée supplémentaire à l'expérience client. Kinepolis est donc un lauréat plus que méritant de la 25e édition de l'« Entreprise de l'année® ».

Eddy Duquenne et Sa Majesté le Roi des Belges

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Ce rapport d'activité est disponible en néerlandais,
français et anglais.

WWW.KINEPOLIS.COM/CORPORATE

Because we care.

KINEPOLIS GROUP | RAPPORT DE DURABILITÉ

2020

PARTIE II

RAPPORT DE DURABILITÉ

Because we care.

—

DÉCLARATION RELATIVE AUX INFORMATIONS
NON FINANCIÈRES CONFORMÉMENT À LA LOI
DU 3 SEPTEMBRE 2017

KINEPOLIS GROUP

2020

Ce Rapport de Durabilité fait partie du Rapport annuel 2020 de Kinepolis Group, qui se compose de trois parties :

PARTIE I
RAPPORT D'ACTIVITÉ

PARTIE II
RAPPORT DE DURABILITÉ

PARTIE III
RAPPORT FINANCIER

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PARTIE II

RAPPORT DE DURABILITÉ

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En tant qu'exploitant de cinémas, Kinepolis fait partie de la vie quotidienne des gens et attache la plus grande importance aux aspects sociaux, écologiques et culturels de ses activités, en plus de creér de la valeur économique.

Kinepolis Nancy (FR)

Investir durablement dans l'homme et l'environnement

En tant qu'exploitant de cinémas, Kinepolis fait partie de la vie quotidienne des gens et attache la plus grande importance aux aspects sociaux, écologiques et culturels de ses activités, en plus de créer de la valeur économique. Les principes en matière de responsabilité sociale des entreprises (RSE) ont été transposés dans une politique de durabilité qui constitue un fil conducteur essentiel des processus décisionnels quotidiens et du fonctionnement de l'entreprise.

En 2020, Kinepolis a entamé un exercice stratégique visant à actualiser et intensifier sa politique de durabilité, en partant du principe de la création de valeur pour toutes les parties prenantes. Comme cet exercice se poursuivra en 2021, et compte tenu également du fait que l'année écoulée a été complètement dominée par la pandémie de Covid-19, le résultat ne sera pas encore présenté dans ce rapport annuel.

CONTEXTE ET MÉTHODOLOGIE

En 2017, Kinepolis a décidé de structurer sa stratégie RSE existante pour la faire correspondre à la norme internationale ISO 26000 *(Lignes directrices relatives à la responsabilité sociale des entreprises)*. Conformément à cette norme, une étude de pertinence et de signification a donc été réalisée à la fin 2018 afin d'évaluer les différents aspects RSE auxquels une entreprise pouvait être confrontée et les risques qui y sont liés. Cette évaluation fut réalisée par les membres du Conseil d'administration, le senior management et le Conseil d'entreprise belge. Loin de se pencher uniquement sur la pertinence et la signification du point de vue de Kinepolis, l'étude a également envisagé les choses du point de vue des différentes parties prenantes (par ex. personnel, clients, fournisseurs, investisseurs et gouvernement). Cette évaluation est effectuée tous les deux ans, sauf fortes indications que les résultats ne sont plus d'actualité. Dans ce cas, l'évaluation est réalisée anticipativement. En attendant la mise à jour de la stratégie de durabilité (comme expliqué dans l'introduction) et compte tenu de la grave perturbation des activités de Kinepolis depuis mars 2020 en raison de la pandémie de Covid-19, Kinepolis ne procédera pas à une nouvelle analyse de matérialité avant la fin de 2021.

Trois aspects RSE sont ressortis de l'étude précitée comme étant les plus pertinents pour l'organisation :

- Bien-être des clients
- Bien-être des collaborateurs
- Bien-être de l'environnement

BIEN-ÊTRE DES
CLIENTS

BIEN-ÊTRE DES
COLLABORATEURS

BIEN-ÊTRE DE
L'ENVIRONNEMENT

Mesures de sécurité visant à prévenir la propagation du virus Covid-19, Landmark Cinemas

La politique que mène Kinepolis à l'égard de ces aspects sera détaillée plus avant dans les pages suivantes. Pour l'exercice écoulé, une attention particulière a été accordée au bien-être des clients, des collaborateurs et des communautés locales, à la lumière de la pandémie de Covid-19. Les risques éventuels associés au bien-être des clients, des collaborateurs et de l'environnement figurent dans la description des principaux risques pesant sur l'entreprise (voir partie III : Corporate Governance, page 30-32).

BIEN-ÊTRE DES CLIENTS

Lors de chaque contact ou visite, Kinepolis s'efforce de proposer une expérience positive à ses clients, en leur fournissant des informations claires, en faisant preuve d'interaction et en répondant à leurs souhaits. Tous les groupes cibles sont pris en considération, ce dont témoignent tant la programmation des films que l'infrastructure des cinémas.

En 2020, la plus grande attention a été portée à la protection de la santé de chaque client par la mise en œuvre des mesures de sécurité visant à prévenir toute nouvelle propagation du virus Covid-19, par leur respect et leur sensibilisation. À cet égard, Kinepolis Group a toujours agi dans le respect des mesures imposées par les autorités locales compétentes.

BIEN-ÊTRE DES COLLABORATEURS

Le bien-être des collaborateurs est un élément important dans la politique de durabilité de Kinepolis. Kinepolis souhaite développer les talents et stimuler les collaborateurs afin qu'ils puissent donner le meilleur d'eux-mêmes. En effet, au bout du compte, un collaborateur impliqué débouchera automatiquement sur des clients et des partenaires heureux.

La politique de gestion des ressources humaines de Kinepolis prévoit notamment un programme d'accueil intensif, divers programmes de formation ainsi qu'un accompagnement de carrière. Grâce à une analyse annuelle de la satisfaction du personnel, Kinepolis s'efforce de suivre étroitement les effets de sa politique pour l'améliorer.

En 2020, les activités normales de gestion des ressources humaines ont été gravement perturbées. En effet, le bien-être des collaborateurs était entièrement axé sur la protection de la santé de chacun à la lumière de la pandémie de Covid-19, et sur l'accompagnement à la fois des équipes et des collaborateurs individuels tout au long de la crise. Depuis début mars 2020, la Covid-19 a eu un impact significatif sur les activités de Kinepolis et de tous ses collaborateurs, avec notamment des périodes prolongées de chômage et de télétravail obligatoire.

BIEN-ÊTRE DE L'ENVIRONNEMENT

Avec le programme « Green Star », Kinepolis entend prendre ses responsabilités en matière d'environnement. Kinepolis veille au confort des visiteurs et des collaborateurs lors de chaque intervention sur ses bâtiments, nouvelles constructions ou rénovations. L'empreinte écologique de l'entreprise est encore réduite grâce à l'utilisation de matériaux et d'applications architecturales innovants et respectueux de l'énergie.

Les évolutions technologiques de ces dernières années ont d'ailleurs permis aux cinémas de réduire considérablement l'empreinte écologique de leurs opérations. Songez donc à l'évolution des systèmes de projection et à la forte multiplication des transactions en ligne et mobiles.

Kinepolis recherche activement de nouvelles techniques et initiatives, de façon à pouvoir réagir, le cas échéant, aux tendances sociétales et écologiques.

INTÉGRITÉ DANS LES AFFAIRES

Outre ces trois piliers, Kinepolis mène une politique rigoureuse en matière de lutte contre la corruption et les pots-de-vin et déploie des efforts considérables pour sensibiliser ses collaborateurs et le management à ces sujets. En effet, l'intégrité aura toujours la préséance dans la gestion d'entreprise de Kinepolis.

MESURE DES PRESTATIONS RELATIVES À LA POLITIQUE DE DURABILITÉ

En vue de mesurer l'efficacité et l'efficience de ces mesures, un indicateur de performance clé (Key Performance Indicator, KPI) a été défini pour chacun des domaines ci-dessus. Par ailleurs, des indicateurs de performance descriptifs et des exemples seront utilisés à travers ce rapport afin d'illustrer la politique.

Au cours des prochaines années, Kinepolis renforcera encore davantage sa politique de durabilité et ses efforts, et ce, sur plusieurs fronts. Une estimation des risques liés à ces sujets sera effectuée régulièrement et il sera vérifié si les mesures appropriées ont été prises pour les limiter.

EXPLICATIONS RELATIVES AUX ACTIVITÉS DE KINEPOLIS AUX ÉTATS-UNIS

Fin 2019, Kinepolis a finalisé l'acquisition du groupe cinématographique américain MJR Digital Cinemas. Étant donné que les cinémas aux États-Unis ne font partie du portefeuille de Kinepolis que depuis l'automne 2019, et que la gestion d'entreprise a été fortement perturbée en 2020 en raison de la pandémie de Covid-19, Kinepolis ne rendra pas encore compte de ses activités américaines dans ce chapitre.

Kinepolis mettra cependant tout en œuvre au cours des prochaines années pour déployer au mieux sa politique en matière de Responsabilité Sociale des Entreprises (RSE), développée dans le présent chapitre, au sein de l'organisation américaine. L'accent sera mis dans un premier temps sur l'application rapide de sa politique en matière de capital humain, qui vise à mettre en œuvre la culture d'entreprise auto-apprenante de Kinepolis et à offrir ainsi aux collaborateurs les moyens de contribuer activement à l'exécution de la stratégie de l'entreprise.

INDICATEURS DE PERFORMANCE CLÉS (KEY PERFORMANCE INDICATORS, KPI)

PILIERS DE DURABILITÉ DE KINEPOLIS	DIRECTIVES ISO 26000 CONCERNÉES	KPI
Clients	- Un marketing équitable, des informations factuelles et impartiales et des pratiques contractuelles équitables - Protection de la santé et de la sécurité des consommateurs - Service à la clientèle, soutien et règlement des plaintes et des litiges - Protection des données des consommateurs et de la vie privée - Éducation et sensibilisation	Nombre d'enquêtes de satisfaction client complétées par an : Customer Satisfaction Index (CSI) en Europe Étude « Tell Us About Us » (parlez-nous de nous) auprès des visiteurs au Canada Indicateur de performance clé (KPI) supplémentaire pour 2020 : Évaluation par les clients de la sécurité dans les cinémas européens – « Êtes-vous satisfait des mesures de sécurité/d'hygiène prises dans le contexte de la crise Covid-19 ? »
Collaborateurs	- Emploi et relations de travail - Conditions de travail et protection sociale - Dialogue social - Santé et sécurité au travail - Développement humain et formation sur le lieu de travail	Nombre de responsables de budget (« budget owners ») par rapport au nombre total d'employés
Environnement	- Prévention de la pollution - Utilisation durable des ressources - Atténuation du changement climatique et adaptation au changement climatique	Évolution de la consommation d'énergie par an Exprimée en kWh/m² Rapport au niveau du groupe pour l'Europe (rapport pour le Canada à partir de 2021) KPI non pertinent en 2020 en raison de l'activité limitée ou de la fermeture des cinémas
Intégrité dans les affaires	- Droits de l'homme - Pratiques d'exploitation équitables	% de collaborateurs qui ont souscrit au Code de conduite

Nos clients

L'expérience client constitue l'épicentre des activités de Kinepolis. C'est pourquoi Kinepolis attache la plus grande importance à la satisfaction de sa clientèle et veille à son bien-être tout au long du parcours client.

POLITIQUE

Kinepolis s'efforce d'offrir une expérience positive à ses clients lors de chaque visite ou contact et d'accroître ainsi la probabilité d'une nouvelle visite ou d'un bouche-à-oreille positif. Kinepolis se concentre dès lors sur différents aspects qui contribuent tous à faire vivre au client une expérience totale :

- Une offre de films étoffée pour répondre à tous les goûts ;
- Des cinémas et salles modernes, confortables et d'accès aisé ;
- Un service de qualité à la clientèle, où le bien-être et la sécurité des clients et des collaborateurs sont primordiaux.

Depuis l'apparition du virus Covid-19 dans le monde entier, Kinepolis – en concertation avec les autorités compétentes et les fédérations sectorielles de chaque pays – a élaboré et mis en œuvre des protocoles de sécurité étendus pour protéger la santé de ses clients et de ses collaborateurs. Ces protocoles spécifiques Covid seront expliqués plus en détail dans ce chapitre.

ÉVALUATION DE NOTRE POLITIQUE : INDICE DE SATISFACTION DE LA CLIENTÈLE (CSI)

Kinepolis mesure en permanence les efforts déployés en ce qui concerne l'expérience client proposée par le biais du Customer Satisfaction Index (CSI) en Europe et de l'étude « Tell Us About Us » (parlez-nous de nous) auprès des visiteurs au Canada. Les deux utilisent pratiquement les mêmes critères[1] pour évaluer la qualité de l'expérience client offerte. En 2020, Kinepolis a reçu au total 223 825 questionnaires remplis, dont 219 635 en Europe et 4 190 au Canada. Il est important de noter ici que le nombre d'enquêtes a été fortement influencé par la baisse des chiffres de fréquentation due à la fermeture prolongée des cinémas et aux contraintes de capacité. En fonction

(1) Au Canada, aucune évaluation du film n'est demandée pour l'instant.

INDICE DE SATISFACTION DE LA CLIENTÈLE (CSI)

	2019			**2020**(*)		
	EUROPE	CANADA	TOTAL	EUROPE	CANADA	TOTAL
Nombre d'enquêtes complétées	540 193	17 000	557 193	219 635	4 190	223 825

(*) Nombre d'enquêtes moins élevé en 2020 en raison de la baisse significative des chiffres de fréquentation due aux fermetures prolongées des salles de cinéma et aux contraintes de capacité.

des pays, tous les cinémas ont été fermés de 30 à 50 % du temps en 2020. La stimulation des ventes en ligne – autre corollaire de la crise Covid-19 – a eu une influence légèrement positive sur le nombre d'enquêtes en Europe.

Chaque visiteur européen qui a acheté des tickets en ligne en y indiquant son adresse e-mail est systématiquement invité, dans les 24 heures après sa visite au cinéma, à s'exprimer sur la façon dont il a vécu son expérience au Kinepolis. Les visiteurs qui n'ont pas acheté de tickets en ligne peuvent partager leur avis par le biais d'un formulaire sur le site web. En sondant les clients, Kinepolis s'efforce d'obtenir des renseignements sur divers aspects de l'expérience client : que pense le visiteur du film, de la qualité de l'image et du son, du service, de la propreté, de l'amabilité du personnel, des délais d'attente, etc. Les clients peuvent également faire part de leurs suggestions par ce biais.

Au Canada, l'enquête n'est pas encore proposée par courrier électronique, mais par le biais du site web. Les clients sont conviés à la compléter par le personnel du cinéma et par une communication lors de l'avant-programme. En 2021, Landmark Cinemas va mettre en œuvre l'approche CSI de Kinepolis et, à cette fin, va revoir son enquête tant sur le processus que sur le contenu. Cette mise en œuvre était prévue pour 2020 mais a été retardée en raison de l'impact de la Covid-19.

Le CSI permet à Kinepolis de recueillir en permanence les commentaires des clients, de façon très détaillée. Les résultats sont analysés et publiés quotidiennement au niveau des équipes, des cinémas et à l'échelle nationale. Kinepolis adapte continuellement ses activités ainsi que la programmation des films sur la base du retour des clients. Par exemple, les remarques relatives à la qualité des sièges sont immédiatement transmises au département concerné. Le siège incriminé sera ensuite rapidement contrôlé et, le cas échéant, réparé.

En outre, la satisfaction client, parallèlement à la satisfaction des collaborateurs et aux paramètres financiers, constitue un KPI essentiel au sein du Groupe pour évaluer la performance des complexes cinématographiques, des managers et des collaborateurs. Les paramètres susmentionnés sont également inclus dans le régime de primes pour les managers et les responsables de budget. Le taux de réponse est suffisamment élevé dans chaque pays pour avoir une image représentative de la satisfaction de la clientèle.

MOVIE LOVER EXPERIENCE AWARDS

Les cinémas Landmark qui dépassent leurs objectifs de satisfaction de la clientèle sont récompensés lors des « Movie Lovers Experience Awards », un programme annuel du circuit cinématographique canadien qui vise à donner aux cinémas les plus performants une large reconnaissance interne.

PROTOCOLE DE SÉCURITÉ COVID-19

Au cours de l'année écoulée, Kinepolis a mis tout en œuvre pour offrir aux cinéphiles un moment de détente sûr en dehors de leur domicile, et contribuer ainsi au bien-être de ses clients dans un contexte difficile.

Afin d'assurer le redémarrage des cinémas en toute sécurité après le premier confinement, Kinepolis a élaboré des protocoles pour ses cinémas – en concertation avec les fédérations sectorielles et les autorités locales compétentes – afin de protéger la santé de tous. Bien que la mise en place de ces protocoles ait été légèrement différente dans chaque pays où le Groupe opère et qu'ils aient été constamment adaptés en fonction de l'actualité, tous reposent sur une base commune.

Le protocole de base de Kinepolis repose sur les piliers suivants :

- Gérer le flux des visiteurs du, vers et dans le cinéma.
- Respecter une distanciation sociale appropriée pendant toute la durée de la visite au cinéma.
- Des mesures de sécurité et d'hygiène strictes dans tous les espaces et lors de toutes les interactions avec le personnel.

Dans le cadre de la mise en œuvre concrète de ce protocole, des mesures ont été prises en ce qui concerne le nombre de places, la programmation, le flux de visiteurs et l'achat et le contrôle des billets. Le port obligatoire du masque buccal et l'interdiction (temporaire) de la vente et de la consommation de snacks figuraient également parmi les mesures imposées dans presque tous les pays.

Mesures de sécurité et d'hygiène strictes, Landmark Cinemas

Autocollants au sol de distanciation sociale au Canada

Le contact physique entre les clients et les collaborateurs a été réduit au strict minimum. À cette fin, tous les cinémas Kinepolis sont passés à la vente de billets en ligne quasi complète.

Des mesures ont également été prises dans les boutiques, notamment en rendant possible – et en limitant à certaines périodes – la vente en ligne de boissons et de snacks (KineGo) et en limitant l'offre à des produits principalement préemballés.

Le nombre de projections de films – et donc de spectateurs – a été réparti de manière optimale tout au long de la journée. Les entractes pendant le film ont été supprimés pour éviter tout rassemblement dans les espaces communs.

Le flux de visiteurs est indiqué par des panneaux et des marques sur le sol. Le flux de visiteurs entrant et sortant est toujours séparé et les sièges dans les espaces communs ont été supprimés, afin de ne perturber le flux à aucun moment.

Exemple de parcours client Kinepolis en période Covid

Toutes les mesures de sécurité ont été communiquées de manière intensive à nos visiteurs, via nos canaux en ligne ainsi que dans les cinémas proprement dits. Tant sur les sites web Kinepolis que Landmark (respectivement www.kinepolis.com et www.landmarkcinemas.com), une page web spéciale Covid-19 a été créée, contenant des informations à jour sur les mesures prises dans les cinémas, ainsi qu'une liste des questions les plus fréquemment posées, avec leur réponse. De nombreux collaborateurs ont également été déployés dans le cinéma pour guider les visiteurs si nécessaire et leur indiquer activement les mesures applicables et le comportement souhaité.

Kinepolis a également reprogrammé ses systèmes de ventilation de manière à ce qu'un maximum d'air frais extérieur soit utilisé dans tous les espaces (au lieu de recycler partiellement l'air usagé comme c'est normalement le cas).

ÉVALUATION DU PROTOCOLE DE SÉCURITÉ

Pour évaluer le protocole de sécurité susmentionné, la question suivante a été ajoutée au questionnaire CSI : « Êtes-vous satisfait des mesures de sécurité et d'hygiène prises à la lumière de la pandémie de Covid-19 ? » Selon les pays, 84 à 89 % des clients[1] ayant répondu à l'enquête se sont déclarés satisfaits ou très satisfaits des mesures prises dans les cinémas Kinepolis (le reste étant majoritairement neutre).

KPI ÉVALUATION PAR LES CLIENTS DES MESURES DE SÉCURITÉ ET D'HYGIÈNE PRISES

84 % jusqu'à 89 %

satisfait à très satisfait

(1) Ce score ne concerne que Kinepolis Europe, car cette question spécifique à la crise Covid faisait uniquement partie de l'enquête CSI et non de l'enquête « Parlez-nous de nous » que Landmark Cinemas utilise au Canada.

Page FAQ sur www.kinepolis.com

SUPPORT CLIENT

Kinepolis souhaite offrir une disponibilité sans faille à ses clients et s'engage à répondre le plus rapidement possible aux questions et remarques. Afin d'informer les clients au mieux et de stimuler l'autonomie, Kinepolis a publié sur son site web, tant en Europe qu'au Canada (respectivement www.kinepolis.com et www.landmarkcinemas.com), une liste des questions les plus fréquemment posées, avec leur réponse. Cette liste est régulièrement mise à jour sur la base des retours des clients. Kinepolis ne manque d'ailleurs pas de rediriger les clients de façon proactive vers cette « foire aux questions » (FAQ) pendant leur parcours en ligne. Si les clients ne trouvent pas réponse à leur question, ils peuvent alors prendre contact au moyen du formulaire de contact disponible sur le site web. Ce formulaire a été conçu de telle sorte que la question posée arrive automatiquement à la personne compétente et/ou au cinéma concerné. Bien sûr, lorsqu'ils sont sur place au cinéma, les clients peuvent aussi s'adresser au personnel pour tout problème ou toute question.

Dans les périodes très intenses, Kinepolis s'adjoint parfois les services d'un centre d'appel, afin de désengorger le plus possible les lignes téléphoniques des complexes cinématographiques et de diminuer les temps d'attente pour les visiteurs. De nombreuses questions des clients sont en outre traitées quotidiennement sur les réseaux sociaux (Twitter, Facebook, Instagram).

Depuis le début de la pandémie, Kinepolis s'est engagé à limiter autant que possible l'impact sur les clients et à leur offrir un soutien maximal grâce à sa politique d'indemnisation. Les clients avaient le choix entre un remboursement ou un bon à valoir pour une séance annulée (dans le cas où les clients payaient par un bon, ils recevaient d'office un bon). En 2020, près de 24 000 demandes d'indemnisation ont été traitées à la suite de fermetures ou d'autres mesures Covid-19. Les acheteurs en ligne ont été contactés de manière proactive et les acheteurs hors ligne pouvaient demander une indemnisation via un formulaire sur le site internet. Même lorsque les cinémas étaient ouverts mais que les clients décidaient de ne pas s'y rendre (par exemple, en raison de symptômes de maladie), ils pouvaient toujours faire appel au régime d'indemnisation. Les bons qui expiraient pendant la période de fermeture ont été immanquablement renouvelés, et la période de validité des bons anniversaire a également été ajustée.

PROTECTION DES DONNÉES DES CLIENTS

Dans le cadre de sa stratégie de marketing relationnel et de sa devise *Marketing as a Service*, Kinepolis récolte des données au sujet de ses clients. L'entreprise peut ainsi orienter ses activités de façon optimale en fonction des désirs des visiteurs et propose à ses visiteurs européens des recommandations liées aux films et aux événements sur la base des données recueillies via leur profil personnel.

En Europe, depuis le 25 mai 2018, le traitement des données des clients est régi par le règlement général sur la protection des données (RGPD) de l'Union européenne, qui vise à protéger les données à caractère personnel. Précisons que les valeurs fondamentales contenues dans le RGPD ont toujours été les valeurs que Kinepolis a appliquées pour traiter les données des clients, à savoir :

- Kinepolis mène une politique transparente envers ses clients en ce qui concerne le traitement de leurs données ;
- Le principal objectif de la collecte et du traitement des données des clients est l'amélioration du service à la clientèle ;
- Kinepolis attache une grande importance aux droits de ses clients relatifs aux données et leur permet de les exercer en toute simplicité ;

- Kinepolis mène une politique de sécurité stricte du point de vue organisationnel et technique en ce qui concerne les données de ses clients.

L'équivalent canadien du RGPD est la LPRPDE (Loi sur la protection des renseignements personnels et les documents électroniques). Landmark Cinemas Canada respecte toutes les exigences de la LPRPDE dans son traitement des données des clients et s'efforce d'appliquer les mêmes valeurs.

Le respect des clients est intrinsèquement lié au respect de leurs données. Deux aspects que Kinepolis prend extrêmement au sérieux.

CYBERSÉCURITÉ

Kinepolis prend toute une série de mesures pour protéger ses systèmes informatiques, et donc ses employés, ses clients et ses activités commerciales, contre les cyberattaques. Les risques liés aux TIC (et les mesures de contrôle pour les couvrir) sont examinés tous les quinze jours au sein du Comité de la cybersécurité et font également l'objet d'un point fixe de l'ordre du jour lors du Comité directeur mensuel des TIC. Au moins une fois par an, ces questions sont également discutées formellement au sein du Comité d'audit.

Kinepolis dispose d'un Security & Compliance Officer qui s'entoure de divers consultants externes qui testent en permanence la sécurité des systèmes TIC de Kinepolis. Par exemple, Kinepolis travaille depuis plusieurs années avec Intigriti, une plateforme de « bug bounty » qui réunit des pirates éthiques pour identifier les vulnérabilités à la demande de l'entreprise, afin que Kinepolis puisse y remédier le plus rapidement possible. Kinepolis applique également un code strict pour ses partenaires extérieurs en matière de cybersécurité.

En raison de la pandémie de Covid-19 et de l'utilisation intensive des outils de travail numériques, les efforts de cybersécurité ont encore été renforcés l'année dernière. Des investissements ont notamment été réalisés dans des mécanismes de protection supplémentaires. Une politique active de gestion des correctifs garantit que tous les systèmes sont étroitement surveillés. En interne également, de nombreux efforts ont été déployés pour protéger l'entreprise et les collaborateurs contre le phishing et d'autres formes de cybercriminalité. Ces efforts sont expliqués dans la section relative au bien-être de nos employés.

UNE OFFRE CINÉMATOGRAPHIQUE POUR TOUS

Kinepolis met un point d'honneur à proposer à tout moment une offre de films adaptée à tous les groupes cibles, y compris aux minorités sociales (ethniques ou culturelles). Hormis les superproductions, Kinepolis programme et promeut donc une kyrielle de films locaux et multiculturels et développe avec succès son propre programme culturel proposant opéra, ballet, expositions d'art et theâtre sur grand écran. L'offre cinématographique est toujours adaptée au public de chaque cinéma, compte tenu notamment des facteurs démographiques, de l'identité régionale et de l'offre culturelle.

Dans les villes multiculturelles, constituées par exemple d'une importante communauté indienne et/ou turque, Kinepolis assure ainsi la programmation de films issus de l'univers Bollywood ainsi que de films à succès turcs. Outre les films polonais et russes, entre autres, des expériences ont été menées avec des films chinois et japonais ces dernières années.

Offre multiculturelle

Kinepolis propose également une vaste offre multiculturelle dans les grandes villes

Parallèlement, les films abordant des thèmes régionaux, et réalisés par des réalisateurs (souvent débutants) possédant un fort ancrage régional, bénéficient d'une plateforme dans les cinémas Kinepolis régionaux concernés.

La pandémie de Covid-19 a provoqué une pénurie de superproductions et les équipes de programmation de Kinepolis ont été mises au défi plus que jamais de programmer une offre de films diversifiée et attrayante. Cela a permis de donner plus de visibilité aux nouveaux titres locaux et de plus petite taille. De plus, plusieurs rediffusions (« reruns ») et classiques du cinéma sont revenus sur le grand écran.

CANADIAN FILM SPOTLIGHT

Landmark Cinemas Canada utilise un label « Canadian Film Spotlight » pour une sélection de films canadiens soigneusement compilée, qui met en valeur les titres du distributeur canadien Independent Film Series et d'autres distributeurs locaux.

Afin de promouvoir la culture cinématographique locale, Landmark Cinemas soutient aussi chaque année de nombreux festivals de cinéma locaux, répartis dans les régions où Landmark est actif. Cependant, en 2020, la plupart des festivals ont été annulés en raison de la pandémie de Covid-19.

CONTENU LOCAL

En Belgique, Kinepolis investit, via Kinepolis Film Distribution, également dans la production et la promotion de films flamands locaux. Kinepolis a la conviction que le soutien et la production d'un contenu local s'avèrent essentiels pour assurer un avenir durable au cinéma et à la culture cinématographique locale. Kinepolis joue également le rôle de partenaire pour de nombreux festivals du film locaux dans divers pays.

SCORE VISITEURS PAR FILM : LES CLIENTS DONNENT LEUR AVIS AUX CLIENTS[1]

Le Customer Satisfaction Index mesure également le score visiteurs de chaque film individuel de la programmation de Kinepolis. Ce score visiteurs indique dans quelle mesure les visiteurs conseilleraient à d'autres le film qu'ils viennent de voir. Il est pris en compte pour la programmation hebdomadaire et représente en ce sens un important indicateur de la durée de vie d'un film au cinéma.

Kinepolis publie systématiquement les scores visiteurs sur son site web aux côtés des films auxquels ils se rapportent, même si les scores sont négatifs. Un rôle de facilitateur qui permet aux clients de se conseiller mutuellement sur le choix d'un film. Le score visiteurs influence par ailleurs les recommandations que Kinepolis fournit aux clients. Il constitue l'une des variables de son moteur de recommandation, qui tente, sur la base de l'intelligence artificielle, de déterminer au mieux les films de l'offre actuelle susceptibles de plaire le plus aux clients.

(1) Pas encore d'application pour Landmark Cinemas Canada

Plan de salle

NORMES SONORES

Kinepolis attache la plus grande importance à la protection de l'ouïe de ses visiteurs et applique à cet égard les normes sonores nationales applicables avec la plus grande rigueur. En Europe, cela signifie entre autres que Kinepolis :

- procède annuellement au calibrage de ses salles de cinéma ;
- soumet les installations audio à un contrôle approfondi toutes les deux semaines ;
- vérifie le niveau sonore maximal des différents types de programmes (par ex. avant-programme, films pour enfants, etc.) ;
- adapte systématiquement les réglages audio au type de programme et à la taille de la salle.

ACCESSIBILITÉ AUX FAUTEUILS ROULANTS

Kinepolis met tout en œuvre pour garantir que les usagers en fauteuil roulant puissent accéder à un maximum de salles. Plus de 90 % des salles Kinepolis et 100 % des salles Landmark sont ainsi accessibles aux personnes à mobilité réduite, et la plupart de ces salles contiennent également des places réservées pour les personnes en fauteuil roulant.

Tous les cinémas récemment ouverts par Kinepolis sont 100 % accessibles en fauteuil roulant.

Tous les cinémas récemment ouverts par Kinepolis sont 100 % accessibles en fauteuil roulant. Dans les quelques cinémas où toutes les salles ne sont pas accessibles en fauteuil roulant en raison d'une infrastructure vieillissante, les visiteurs à mobilité réduite ont néanmoins la possibilité de voir tous les films, puisque Kinepolis veille à une rotation suffisante de la programmation dans les salles. Kinepolis entretient à tout moment une communication très claire, en ligne ou sur place dans ses complexes, à propos de l'accessibilité en fauteuil de ses salles. Lors de la réservation en ligne, les places pour les utilisateurs de fauteuils roulants sont clairement indiquées sur le plan de salle, afin que les clients puissent réserver ces places à l'avance lors de l'achat de leur ticket.

Whatscine (ES)

CaptiView (Landmark Cinemas)

Twavox (FR)

Applis pour malvoyants et malentendants

ACCESSIBILITÉ POUR LES PERSONNES AVEC UN HANDICAP AUDIOVISUEL

Conformément à la législation française, Kinepolis a équipé tous ses cinémas français du système Twavox. Celui-ci permet aux personnes présentant un handicap auditif ou visuel d'adapter le son de façon optimale selon leurs désirs (par ex. augmenter le son ou l'égaliser) grâce à une application sur leur smartphone et à des écouteurs. Les personnes atteintes d'un handicap visuel peuvent également recourir à l'audiodescription.

Depuis 2018, l'appli cinéma « Whatscine » est disponible dans tous les cinémas Kinepolis d'Espagne. Whatscine permet aux utilisateurs de choisir entre l'audiodescription, les sous-titres ou la langue des signes grâce à leur smartphone, en parfaite synchronisation avec l'action à l'écran. Bref, les visiteurs qui entendent ou voient mal (ou pas du tout) peuvent, eux aussi, profiter pleinement des derniers films. De cette manière, Kinepolis souhaite promouvoir l'accessibilité au cinéma pour un large public.

Landmark Cinemas Canada soutient les cinéphiles avec un handicap audiovisuel par les systèmes audiovisuels « Fidelio » et « CaptiView » dans 28 de ses cinémas. Fidelio est un système audio sans fil dont le scénario est adapté aux malvoyants et aux malentendants et CaptiView est un système de sous-titrage fermé pour les malentendants ou les personnes sourdes.

Kinepolis continue à évaluer l'utilisation des systèmes précités en vue d'une éventuelle poursuite de leur déploiement dans plus de cinémas.

En tram jusqu'à Kinepolis Anvers (BE)

MOBILITÉ

Afin d'éviter les problèmes de mobilité autour de ses complexes, Kinepolis promeut le recours aux modes de transport alternatifs. Toutes les informations concernant l'accès aux complexes sont mises à la disposition des clients de la meilleure façon possible, et la plupart des sites Kinepolis sont munis d'un parking à vélos fermé. Lorsque c'est possible, le site est également rendu accessible aux transports publics.

Une étude menée en 2019 sur les codes postaux en Belgique a montré que 40 % des visiteurs de Kinepolis Belgique viennent en transports publics, à pied ou à vélo. Dans les villes étudiantes comme Louvain ou Gand, ce chiffre s'élève à plus de 60 %.

ENGAGEMENT SOCIAL

POLITIQUE DE PROGRAMMATION INCLUSIVE
Kinepolis a pris la pleine mesure de sa responsabilité socioculturelle et s'efforce d'offrir en ce sens une programmation qui reflète la diversité de notre société actuelle. La programmation multiculturelle de Kinepolis ainsi que l'offre spécifiquement destinée aux seniors sont autant d'exemples de sa politique de programmation inclusive, qui n'exclut aucun groupe social.

Dans le cadre de ses activités B2B, Kinepolis a également développé un programme destiné aux écoles, qui fait la part belle aux thèmes actuels traités par le programme scolaire et propose des films accompagnés d'un dossier pédagogique. Les écoles bénéficient par ailleurs de tarifs avantageux. Il s'agit d'un excellent moyen de susciter le débat autour des sujets abordés par les films (par ex. dans le contexte de la « Semaine du Harcèlement » ou de la « Journée pour un Internet plus sûr ») ou de familiariser les élèves de manière ludique avec une autre langue ou une autre culture (par ex. « Cinéperles » en faveur de la culture et de la langue françaises).

Dans le cadre de ses contacts intensifs avec les écoles, Kinepolis a répondu en 2020 à la demande des centres pédagogiques de disposer d'infrastructures supplémentaires afin de permettre la poursuite des examens et des cours tout en respectant les mesures Covid en vigueur. La KU Leuven et la Hogeschool Kortrijk (BE), entre autres, ont collaboré avec Kinepolis pour permettre à leurs étudiants de passer des examens ou d'assister à des cours dans des conditions sûres.

La Haute École Vives a continué à dispenser des cours en toute sécurité au Kinepolis de Courtrai.

Kinepolis a fourni des infrastructures supplémentaires pour permettre la tenue des examens et des cours.

Depuis quelques années, Kinepolis Belgique participe aux 1000 km de « Kom op tegen Kanker ».

PARTICIPATION COMMUNAUTAIRE

Outre ces initiatives, Kinepolis entend renforcer sa responsabilité sociétale et son engagement social en soutenant des œuvres caritatives via le parrainage, l'organisation ou le soutien d'actions caritatives ou la promotion de l'emploi social. En 2020, Kinepolis a notamment soutenu « Tournée minérale », Minor-NDAKO et les 1000 km de « Kom op tegen Kanker » en Belgique, la Fondation Bio aux Pays-Bas et « Jeunesse, J'écoute » au Canada. Fin 2020, Kinepolis France a également renouvelé son partenariat avec les « Restos du Cœur » pour proposer aux groupes vulnérables des projections de films à un tarif très réduit. Ces projections auront lieu à Kinepolis Fenouillet, Rouen, Mulhouse, Thionville et au KLUB de Metz.

Kinepolis remercie les super-héros locaux

Après le premier confinement, Kinepolis France a remercié tous ceux qui étaient en première ligne dans la lutte contre le virus Covid-19 (« les super-héros du quotidien »). 10 000 tickets de cinéma ont été distribués aux super-héros locaux qui ont participé à la campagne en envoyant une photo d'eux sur leur lieu de travail. Kinepolis en a ensuite fait un spot de remerciement qui a été diffusé dans tous les cinémas du pays lors de la réouverture des cinémas français.

Kinepolis Pays-Bas a également mis en place une campagne dans le cadre de laquelle les clients pouvaient envoyer un message vidéo pour remercier leur super-héros personnel. 25 messages ont été sélectionnés pour être diffusés sur le grand écran lors de la réouverture des cinémas néerlandais.

Don de stocks de bonbons à des centres de soins et à des organisations caritatives

Lors de la première et de la deuxième fermeture, Kinepolis a fait don de stocks de bonbons à divers centres de soins et à des organisations caritatives. C'est ainsi que Kinepolis a fourni des confiseries pour les colis de Saint-Nicolas de l'ASBL « Moeders voor Moeders » à Anvers (BE). « Moeders voor Moeders » fournit de la nourriture et du matériel aux familles avec de jeunes enfants qui ont des difficultés financières. Le personnel de différents centres de soins a également eu droit à une savoureuse surprise de la part de Kinepolis.

Hôpital Notre-Dame de Lourdes à Waregem

« Moeders voor Moeders »

Kinepolis Pays-Bas soutient la Fondation Bio

Depuis 2019, Kinepolis Pays-Bas permet à chacun de faire facilement un don à la Fondation Bio. Dans tous les sites, les visiteurs peuvent choisir eux-mêmes, aux caisses de la billetterie et de la boutique, s'ils souhaitent arrondir le montant de leur achat afin de faire facilement don de la monnaie à Bio via Kinepolis. La Fondation Bio a été créée en 1927 par l'industrie cinématographique néerlandaise et lui doit son nom (bioscoop = cinéma en néerlandais). La Fondation s'est engagée à offrir aux enfants handicapés des vacances relaxantes, comme au Bio Vakantieoord d'Arnhem. De temps à autre, des actions sont également organisées autour d'un film spécifique, dont une partie des recettes est reversée à cette œuvre de bienfaisance.

Landmark, partenaire notamment de « Jeunesse, J'écoute »
Landmark Cinemas est un partenaire fidèle de « Jeunesse, J'écoute », la seule ligne d'assistance téléphonique nationale au Canada qui offre aux jeunes un soutien professionnel et des informations 24 heures sur 24, 7 jours sur 7. Landmark soutient l'organisation par le biais de campagnes de promotion dans les cinémas et de collecte de fonds. Bien que les événements annuels typiques de collecte de fonds aient été pour la plupart annulés en 2020 en raison de la Covid-19, les équipes de Landmark ont participé et apporté leur soutien au défi « Kids Help Phone Never Dance Alone-A-Thon. » Les actions de l'organisation « Back to School » ont également été mises en avant. Cela s'est traduit par une contribution de 45 000 dollars canadiens en soutien médiatique et en collecte de fonds, afin de promouvoir la santé mentale et le bien-être des jeunes dans tout le Canada.

En raison de l'impact significatif de la pandémie de Covid-19 sur les communautés dont font partie les cinémas Landmark, une campagne « ROUND UP » a également été menée pendant les périodes de vacances, demandant aux spectateurs d'arrondir leur paiement à la hausse pour soutenir les banques alimentaires locales. De cette manière, les organisations impliquées ont gagné en visibilité et Landmark a contribué à hauteur de plus de 25 000 dollars canadiens en soutien médiatique et en collecte de fonds.

Campagne « ROUND UP » au Canada

« Le jour du Souvenir » au Canada

Enfin, Landmark Canada a commémoré ses anciens combattants en novembre (« Jour du Souvenir ») en programmant une sélection de films qui documentent avec force les sacrifices humains de la Première Guerre mondiale. Landmark a ainsi fait don de 50 000 dollars canadiens en soutien médiatique et en fonds au Fonds du Coquelicot de la Légion royale canadienne.

#Graffitipolis
Au début de l'été 2020, le projet #graffitipolis a été lancé à Mulhouse (FR). Kinepolis a mis le parking souterrain de son cinéma à Mulhouse à la disposition de 7 artistes de rue locaux, qui ont eu carte blanche pour transformer le parking en galerie d'art ouverte. Kinepolis est ouvert à des projets similaires sur d'autres implantations.

Projet #graffitipolis dans le parking souterrain de Kinepolis Mulhouse

Plus est en nous

Notre équipe

Des milliers de collaborateurs mettent chaque jour tout en œuvre afin que des millions de visiteurs vivent une expérience cinématographique inoubliable. Kinepolis a pleinement conscience que le talent et l'investissement de ses collaborateurs constituent le moteur de sa réussite.

La pandémie de Covid-19 a eu de graves répercussions sur les activités de Kinepolis en 2020 et, par conséquent, sur tous ses collaborateurs. La majorité de ceux-ci ont été au chômage, totalement ou partiellement, pendant une longue période au cours de l'année écoulée. Ceux qui ont travaillé l'ont fait dans des circonstances difficiles et ont fait preuve d'une grande flexibilité et d'un grand engagement. L'impact de la pandémie sur la politique de ressources humaines de Kinepolis sera expliqué plus en détail dans le présent chapitre.

NOTRE POLITIQUE RH : « PLUS EST EN NOUS »

La *Ultimate Movie Experience* débute et se termine avec les personnes qui lui donnent vie au quotidien, devant ou derrière les écrans. Kinepolis vise dès lors une croissance durable en recrutant, fidélisant et développant les talents.

La philosophie du capital humain de Kinepolis favorise :

- le recrutement de collaborateurs compétents qui ont une attitude appropriée, conforme aux valeurs fondamentales de Kinepolis (voir plus loin) ;
- la fidélisation et le développement de talents engagés et motivés, en créant un environnement de travail optimal dans lequel :
  - chaque collaborateur a la possibilité de développer et d'exploiter ses talents de façon optimale ;
  - les valeurs de Kinepolis sont transposées au quotidien ;
  - chaque collaborateur a l'occasion de poursuivre son développement sur le plan personnel et/ou professionnel ;
  - chaque collaborateur a la possibilité de participer au développement de l'entreprise et de ses produits.

La participation des collaborateurs et l'entrepreneuriat sont stimulés et facilités au maximum de deux manières :

- En confiant la responsabilité des objectifs et budgets de départements au plus grand nombre de collaborateurs possible, tout en leur offrant l'espace pour prendre des initiatives et apprendre les uns des autres, Kinepolis s'efforce d'être une entreprise auto-apprenante ;
- Quel que soit le niveau de hiérarchie où ils se situent dans l'entreprise, les collaborateurs sont encouragés à se poser des questions, à se montrer à l'écoute des clients, à penser en dehors des sentiers battus et à faire preuve d'un esprit d'entreprise dans le cadre de leur fonction et au-delà. Kinepolis se veut donc une entreprise non seulement auto-apprenante, mais aussi « auto-innovante ». C'est dans ce contexte que fut créé le Kinepolis Innovation Lab en 2016 (voir plus loin).

Par l'inculcation de cette culture d'entreprise auto-apprenante et auto-innovante aux collaborateurs et par la création de conditions de travail propices à l'éclosion de talents, l'ambition de Kinepolis en tant qu'employeur consiste à obtenir le meilleur de chacun selon la devise « Plus est en nous ».

Un collaborateur au travail lors du *Kinepolis on Tour*

ÉVALUATION DE NOTRE POLITIQUE
Kinepolis veut confier la responsabilité des objectifs et budgets de départements au plus grand nombre de collaborateurs possible, afin de leur permettre de contribuer activement à l'amélioration continue des activités de l'entreprise. Cette approche ascendante fait partie de l'ADN de Kinepolis et est illustrée par le nombre de responsables budget par rapport au nombre total d'employés.

Depuis 2019, toutes les équipes de cinéma canadiennes du groupe Landmark Cinemas racheté en 2017 participent également à l'exercice dit des 5 % (le plan d'amélioration annuel visant à abaisser le seuil de rentabilité de l'entreprise), après l'introduction du principe de « budget ownership » dans tous les cinémas. Depuis lors, les équipes de Landmark, tout comme leurs collègues européens de Kinepolis, sont allées elles-mêmes à la recherche de potentiel d'amélioration en utilisant les processus, les rapports et les KPI fournis par Kinepolis. Pour les équipes américaines de MJR, cet exercice figure à l'agenda de 2021.

INDICE DE SATISFACTION DU PERSONNEL

Chaque année, Kinepolis procède à une analyse de la satisfaction du personnel par le biais d'un sondage baptisé « People Satisfaction Index » ou PSI. Au Canada, cette enquête s'appelle l'« Employee Engagement Survey » ou EES. Les collaborateurs sont invités à exprimer, de manière tout à fait anonyme, ce qu'ils pensent de Kinepolis (ou de Landmark) en tant qu'employeur, en mettant en exergue ce qui les satisfait et ce qu'il conviendrait d'améliorer. Les résultats issus de ce sondage sont ensuite discutés en équipe avant d'être traduits en actes.

L'enquête de l'EES au Canada a eu lieu en novembre 2020 et a obtenu un taux de réponse de 84 %. L'enquête PSI qui devait avoir lieu en Europe fin 2020 a été reportée à 2021 en raison de l'impact de la pandémie de Covid-19, ainsi que du chômage élevé et de la faible disponibilité des collaborateurs qui en découlent.

KPI NOMBRE DE RESPONSABLES DE BUDGET PAR RAPPORT AU NOMBRE TOTAL DE COLLABORATEURS FIN 2020[1]

(1) Le nombre de collaborateurs fin 2020 est nettement inférieur à celui des autres années en raison des fermetures obligatoires dans presque tous les pays (absence de personnel temporaire). En raison de l'absence d'employés temporaires, le pourcentage de responsables budget par rapport à la population totale des collaborateurs est environ deux fois plus élevé que lors d'une année « normale ».

Depuis l'apparition du virus en mars 2020, des efforts ont été accomplis pour protéger au maximum la santé des collaborateurs – tant au bureau que dans les complexes cinématographiques – et pour maintenir leur engagement vis-à-vis de l'entreprise pendant les longues périodes d'inactivité. Via des contacts avec les managers et des séances de questions-réponses avec la direction et le CEO, nous avons recueilli en permanence les retours d'information des collaborateurs.

Intendant sanitaire (Landmark Cinemas)

LA SANTÉ ET LA SÉCURITÉ DES COLLABORATEURS

Kinepolis s'est toujours attaché à fournir un environnement de travail sûr et prend les mesures appropriées, notamment pour effectuer la maintenance des installations techniques et des écrans en toute sécurité.

En 2020, la politique de santé et de bien-être de Kinepolis était entièrement axée sur la pandémie de Covid-19.

Des protocoles de sécurité étendus ont été élaborés pour empêcher la propagation du virus et offrir une protection maximale aux collaborateurs dans l'exercice de leur travail. Ces mesures se sont avérées efficaces, car aucun foyer n'a été signalé parmi les collaborateurs l'année dernière.

MESURES COVID-19 AFIN DE PROTÉGER LA SANTÉ DES COLLABORATEURS

Depuis le début de la pandémie, Kinepolis a mis en place des mesures strictes pour garantir un lieu de travail sûr. Ces mesures ont été régulièrement adaptées en fonction des directives fixées par les autorités compétentes. En outre, il a été rappelé à plusieurs reprises aux collaborateurs qu'ils sont tenus de respecter les mesures applicables, également pendant leur temps libre.

Les principes suivants s'appliquent aussi bien dans les cinémas que dans les bureaux :

- Le télétravail est la norme pour les fonctions de bureau (recommandation ou obligation conforme aux directives des autorités) ;
- Respecter une distanciation sociale appropriée à tout moment avant, pendant et après le travail ;
- Port obligatoire de masques buccaux partout dans les cinémas et les bureaux, conformément aux mesures imposées par les autorités ;

Les employés des cinémas ont reçu un certain nombre de masques buccaux réutilisables. Les masques *Happy to see you again* sont composés de 2 couches et sont certifiés OEKO-Tex. Des masques buccaux jetables sont également disponibles pour les collaborateurs dans chaque cinéma.

- Désinfection régulière des mains et attention à l'hygiène respiratoire ;
- Rester à la maison en cas de symptômes de maladie et contacter le médecin traitant pour obtenir des conseils ;
- Respect des entrées et sorties indiquées, ainsi que du parcours à suivre signalé par des marquages au sol (circulation à sens unique) ;
- Nombre maximum de personnes pour les espaces communs tels que la cuisine et les salles de réunion ;
- Les repas sont pris individuellement sur le lieu de travail lorsque c'est possible, et une distance suffisante est également maintenue entre les collaborateurs dans les espaces de restauration des cinémas ;
- Utilisation individuelle des ascenseurs ;
- Les réunions se tiennent virtuellement – même si les participants se trouvent dans le même bâtiment – sauf lorsqu'il n'y a pas d'autre possibilité ;
- Les voyages d'affaires sont limités au minimum et ne sont autorisés qu'en consultation avec le département RH, dans le respect des directives des autorités compétentes des pays concernés.

Les cinémas sont soumis notamment aux directives supplémentaires suivantes :

- Recommandation d'enfiler l'uniforme déjà chez soi ;
- Changement de gants (nettoyage/boutique) après chaque représentation ;
- Désinfection des endroits de restauration dans les espaces réservés au personnel.

ÉQUIPEMENTS DE PROTECTION

Kinepolis a mis à la disposition de tous les collaborateurs, tant dans les complexes que dans le *Cinema Support Centres*, des équipements de protection, à savoir des masques buccaux, des gants (pour le nettoyage/la boutique), un gel désinfectant pour les mains et un agent nettoyant pour les surfaces de bureau.

Les activités de nettoyage ont été intensifiées et les systèmes de ventilation des cinémas et des bureaux ont été adaptés pour maximiser l'apport d'air frais. Cela a permis d'éliminer toute recirculation ou tout mélange de l'air rejeté. Avant la réouverture des cinémas, des visites de sites ont également été effectuées par les responsables opérationnels afin de tester les mesures mises en place par rapport à la réalité. Cela a donné lieu, par exemple, à la relocalisation des espaces réservés au personnel dans les zones B2B (inutilisées), afin de garantir un respect maximal de la distanciation sociale.

Exemples de fiches de poste de travail, Kinepolis Belgique

PROTOCOLE LANDMARK « FIT FOR WORK »

Pour les collaborateurs Landmark, il existe un protocole supplémentaire « Fit for work » qu'ils doivent respecter avant chaque prise de poste de travail. Un certain nombre de questions leur sont posées pour évaluer les éventuels symptômes de Covid-19 et leur température corporelle est également mesurée. Si le collaborateur répond positivement à l'une des questions et/ou si sa température corporelle dépasse 38°, il doit rentrer chez lui.

FONCTIONS SPÉCIFIQUES COVID

Dans les cinémas Kinepolis et Landmark, un certain nombre de nouvelles fonctions ont été créées (Covid-busters, intendants sanitaires...) pour garantir le strict respect des mesures Covid. Pour chacune de ces nouvelles fonctions et d'autres fonctions pertinentes, une fiche de poste de travail a été créée avec une description claire des nouvelles tâches spécifiques Covid.

TÉLÉTRAVAIL ET CYBERSÉCURITÉ

Depuis mars 2020, le télétravail est la norme chez Kinepolis pour les fonctions de bureau. Il y a un contact quotidien entre le collaborateur et le manager à propos des heures de travail et des tâches. Pour permettre un télétravail maximal, Kinepolis a réalisé des investissements supplémentaires destinés à optimiser son infrastructure informatique, et divers efforts ont été accomplis pour surveiller la sécurité des réseaux et des systèmes. Kinepolis a notamment investi dans une sécurité supplémentaire pour les messages électroniques entrants, dans une nouvelle connexion VPN et une authentification à deux facteurs pour l'ensemble de l'environnement Office 365. Outre la surveillance active du comportement des comptes utilisateurs, Kinepolis a également lancé des campagnes régulières de phishing pour garder les collaborateurs sur le qui-vive.

BIEN-ÊTRE DES COLLABORATEURS

Étant donné l'impact considérable de la pandémie sur les activités de Kinepolis, tous les collaborateurs ont été touchés par une réduction significative de leur charge de travail et/ou par des conditions de travail modifiées, souvent difficiles (par exemple, le port obligatoire d'un masque buccal pendant le travail, le télétravail, etc.).

Diverses initiatives ont été mises en place pour tenter de préserver le bien-être des collaborateurs en les informant et les impliquant au maximum dans l'entreprise. Kinepolis a eu recours aux outils de communication interne de l'entreprise, à des moments de contact personnel avec le manager et à des initiatives ad hoc dans différentes équipes.

Atelier numérique « Boost-up » pour l'équipe marketing française en juillet, 2 semaines après la réouverture des cinémas français.

CANADA – BULLETIN D'INFORMATION SUR LE BIEN-ÊTRE

Pour promouvoir la santé mentale de ses collaborateurs, Landmark Cinemas a créé un « Comité de bien-être ». Ce groupe de travail a travaillé, entre autres, sur un bulletin mensuel de bien-être et sur plusieurs défis axés sur le bien-être de l'ensemble de la communauté Landmark. Ces initiatives ont encouragé l'équipe à se ressourcer et à se connecter avec ses amis, sa famille et ses collègues.

MOMENTS INFORMELS EN ÉQUIPE

Différents managers ont régulièrement organisé des moments de contact informels et numériques pour leurs équipes.

COMMUNICATION DU CEO

Depuis le début de la pandémie, le CEO a communiqué en interne au moins une fois par mois. Cela s'est fait par le biais d'une mise à jour mensuelle par courrier électronique, de messages vidéo et de sessions numériques de questions-réponses. Chaque fois, un point a été fait sur l'état actuel de l'entreprise et du secteur, les petits et grands succès obtenus et la stratégie à suivre en vue d'un avenir durable. Ces communications ont toujours visé à maintenir l'implication et la motivation des collaborateurs, et à les remercier pour leur compréhension et leurs efforts.

MESURES DE SOUTIEN FINANCIER

Dans tous les pays où Kinepolis opère, l'entreprise a fait appel aux mesures de soutien accordées par les autorités compétentes. Ces mesures de soutien variaient d'un pays à l'autre et avaient un impact différent sur les collaborateurs concernés. Aux Pays-Bas, en France et au Canada, les collaborateurs ont continué à travailler et Kinepolis a été compensé financièrement par le gouvernement. En Belgique et dans les autres pays, les collaborateurs ont bénéficié d'un statut de chômage technique. Dans ce cas, ils ont reçu une compensation financière du gouvernement.

Dans la mesure du possible, Kinepolis a pris des mesures pour atténuer l'impact financier sur ses collaborateurs. C'est ainsi que tous les collaborateurs en Espagne - où il y a eu d'énormes retards dans l'administration publique - ont reçu une avance sur le pécule de vacances, s'ils le souhaitaient. Aux États-Unis, Kinepolis a payé l'assurance maladie des collaborateurs MJR (qu'ils auraient sinon perdue après une certaine période de chômage) et, dans l'attente d'une décision officielle sur l'équivalence du pécule de vacances et de la prime de fin d'année en Belgique, Kinepolis a lui-même pris la décision en faveur des collaborateurs.

Séances d'équipe autour des valeurs K (T1 2020), en utilisant du matériel d'activation récemment mis au point

Valeurs de Kinepolis

Valeurs fondamentales de Landmark

VALEURS KINEPOLIS

« Client Focus », « Teamwork », « Operational Excellence », « Flexibility » et « Hands-on » sont les valeurs fondamentales qui sous-tendent l'action de chaque collaborateur Kinepolis. Mettre le client au centre, collaborer de manière constructive à un objectif commun, effectuer son travail de manière correcte et efficace, faire preuve de flexibilité par rapport aux changements et faire preuve d'initiative et d'entrepreneuriat : chacun est censé donner vie à ces aspects à titre individuel et en équipe. Lors de nouveaux recrutements, Kinepolis applique une politique « Hire for attitude » : la bonne attitude revêt plus d'importance que le bon diplôme. Kinepolis est disposé à investir plus dans la formation de nouveaux collaborateurs pour autant que le comportement et l'attitude des candidats correspondent aux valeurs défendues par l'entreprise.

Les valeurs fondamentales de Landmark s'accordent parfaitement avec ces valeurs de Kinepolis, mais elles revêtent aujourd'hui une forme et une formulation différentes.

KINEPOLIS ACADEMY

La formation, pour chaque collaborateur, est également un aspect important de la politique du « capital humain ». La « Kinepolis Academy » aide les collaborateurs à renforcer leurs compétences personnelles, notamment par le biais de l'e-learning. Bon nombre de formations ont lieu dans les cinémas, les collaborateurs plus anciens se transformant en coaches afin de guider les nouveaux collaborateurs pendant leur programme d'accueil. Il existe également des programmes de coaching personnel pour les cadres et, depuis 2017, des formations « Insights Discovery » sont organisées pour les équipes.

En 2019, on a introduit en Europe une nouvelle plateforme numérique « Kinepolis Academy » avec divers nouveaux modules d'apprentissage et programmes de formation en ligne à différents niveaux (Star(t)s, Professional, Lead et Develop).

Les formations Star(t)s concernent des modules généraux pour les nouveaux collaborateurs (par exemple, la sécurité, les valeurs K, le RGPD), le module « Professional » contient des formations spécifiques à l'emploi, « Lead » propose des formations aux managers débutants et expérimentés et « Develop » se concentre sur les besoins de développement personnel, tels que des formations linguistiques ou un programme de coaching individuel.

Depuis l'apparition de la pandémie de Covid-19 au début du mois de mars 2020, les activités normales de formation ont été gravement perturbées. Les sessions de formation qui ont eu lieu ont été consacrées à la mise en œuvre des mesures Covid-19 dans nos salles de cinéma. Ces formations ont été organisées par pays et par cinéma, par le biais de l'e-learning et de formations sur le terrain. À l'approche de la réouverture des cinémas, des journées d'essai ont été organisées à différents endroits – avec un public test – afin de s'assurer que tout se déroule sans heurts et en toute sécurité pour les collaborateurs et les clients, et de procéder aux ajustements nécessaires.

TALENT FACTORY

Chaque collaborateur de Kinepolis a, au moins une fois par an, un entretien d'évaluation formel avec son manager. Il s'agit d'évaluer les performances de la personne concernée et de discuter de ses objectifs personnels pour l'année à venir. Les collaborateurs et les managers sont coachés et stimulés pour avoir cet entretien en toute franchise et pour discuter des ambitions et des besoins de développement à court et à long terme.

Sous le titre « Talent Factory », Kinepolis propose un cadre ainsi qu'une série d'outils pour déceler les talents et les coacher en vue de renforcer son capital humain. Les talents internes sont ainsi recensés afin de leur fournir des opportunités de développement et des perspectives d'évolution, et les opportunités d'emploi sont toujours communiquées en interne. La politique de mobilité interne de Kinepolis favorise une meilleure implication et une meilleure employabilité des collaborateurs. Des « talent reviews » sont organisés tout au long de l'année avec les managers afin de permettre à ces derniers de suivre le talent et l'évolution de leurs collaborateurs et d'en assurer la visibilité. Les collaborateurs sont par ailleurs encouragés à orienter eux-mêmes leur carrière dans un dialogue ouvert avec leur manager.

Compte tenu de l'impact de la pandémie de Covid, qui a entraîné un taux de chômage élevé et peu ou pas d'embauche, les possibilités d'avancement des collaborateurs ont été limitées en 2020. Les capacités internes ont toutefois été utilisées au maximum en faisant appel à du personnel en chômage technique pour apporter un soutien temporaire à d'autres services en cas de besoin.

ENTREPRISE AUTO-APPRENANTE

Dans le cadre de ses activités quotidiennes, Kinepolis s'efforce de créer et de stimuler des réseaux apprenants, au moyen notamment des « operating reviews ». Des collaborateurs ayant des fonctions similaires, mais dans des cinémas différents, ont ainsi des échanges pour acquérir de nouvelles connaissances et apprendre les uns des autres. Kinepolis investit ce faisant dans un environnement de travail centré sur le feed-back et l'entrepreneuriat.

H / F
RÉPARTITION

ÂGE
RÉPARTITION

Comme mentionné précédemment, depuis 2019, une nouvelle structure organisationnelle a également été mise en place au Canada afin d'introduire et d'entretenir la culture d'entreprise auto-apprenante de Kinepolis. En 2021, les bases de cette culture seront également jetées dans l'organisation américaine reprise par Kinepolis.

ENTREPRISE AUTO-INNOVANTE

Grâce à l'introduction du Kinepolis Innovation Lab qui incite tous les collaborateurs à fournir des idées innovantes que des équipes de projets se chargeront par la suite de mettre en œuvre, Kinepolis ne s'attache pas seulement à être une entreprise auto-apprenante, mais aussi une entreprise auto-innovante. Tout le monde chez Kinepolis – de l'étudiant au manager – est encouragé à penser hors des sentiers battus et à oser « entreprendre ».

Chaque trimestre, les meilleures idées sont sélectionnées par un jury Innovation Lab, et des équipes sont constituées en vue de les étudier en détail et de les mettre en œuvre. De cette manière, l'Innovation Lab a pour effet que les collaborateurs coopèrent davantage, au-delà de leur département.

Chaque année, des « Innovation Awards » sont décernés aux meilleures idées. Même si un projet s'avère infructueux, l'initiateur est récompensé par une prime d'entrepreneur. L'Innovation Lab n'a pas encore été mis en place en Amérique du Nord, mais il est prévu de le faire ultérieurement.

Le fonctionnement de l'Innovation Lab a été gravement perturbé en 2020 par la pandémie de Covid. Toutefois, même en période de fermeture, Kinepolis a continué à travailler sur l'innovation, dans le but de développer de nouvelles sources de revenus à la lumière du contexte actuel du marché. Outre la mise au point de solutions concrètes et créatives face aux défis Covid (adaptation des systèmes de réservation des sièges...), des équipes de plusieurs départements ont également travaillé sur des projets totalement nouveaux, tels que *Kinepolis on Tour*, les services de livraison à domicile et le Cinéma privé.

Cinéma en plein air *Kinepolis on Tour* à Maldegem (BE)

Service de livraison à domicile

Cinéma *Private+*, MJR Digital Cinemas

« Innovations Covid » créatives

DIALOGUE CONSTRUCTIF AVEC LES PARTENAIRES SOCIAUX

Sur la base de son cadre de gouvernance, Kinepolis met tout en œuvre dans chaque pays pour nouer un dialogue social et des relations durables avec ses collaborateurs et/ou les organisations de travailleurs externes concernées. Dans le respect des obligations légales, Kinepolis cherche à trouver avec les partenaires sociaux les meilleures solutions qui puissent convenir tant aux collaborateurs qu'à l'entreprise, qu'il s'agisse du dialogue social, des relations sociales ou de la sécurité.

DIVERSITÉ

Kinepolis respecte le caractère unique de chacun de ses collaborateurs et favorise l'égalité des chances. L'entreprise fait en sorte que ses effectifs reflètent fidèlement la société, dans toute sa diversité, tant sur le plan de l'âge, du sexe, de l'origine, etc. En 2020, Landmark Cinemas Canada a revu et redéfini ses procédures internes, ainsi que son approche du recrutement et sa formation, avec une attention accrue portée à la diversité et à l'inclusion sur le lieu de travail.

KINEPOLIS COMME PREMIÈRE EXPÉRIENCE PROFESSIONNELLE POUR LES ÉTUDIANTS

En 2020, des centaines d'étudiants ont à nouveau travaillé pour Kinepolis en Belgique. Ils étaient toutefois bien moins nombreux que les années précédentes en raison de l'impact de la pandémie sur les activités de Kinepolis. Pour bon nombre d'entre eux, la crise du coronavirus a également été un coup dur pour leurs comptes personnels et les a privés d'un réseau d'amis et de collègues pendant les longues périodes de fermeture.

Les étudiants de Kinepolis sont engagés pour travailler au moins un jour de semaine et un jour de week-end par semaine dans les cinémas. Les tâches sont variées : travail de caisse, travail en boutique, nettoyage, coordination d'événements. Kinepolis procure ainsi à des centaines de jeunes une première expérience professionnelle et les accompagne dans l'acquisition d'une multitude de compétences professionnelles, comme le travail en équipe et la prise de responsabilités. Bon nombre d'entre eux travaillent pour Kinepolis pendant des années, et les exemples d'étudiants qui deviennent par la suite employés de Kinepolis pour y réaliser une carrière riche sont légion.

Pour la construction de nouveaux cinémas comme pour la rénovation de complexes existants, les paramètres verts sont cruciaux, au même titre que le confort des visiteurs et des collaborateurs.

Kinepolis s'efforce au maximum de réduire son empreinte écologique dans le choix de ses sources d'énergie et de ses matériaux de construction.

Artist impression Kinepolis Leidschendam (NL)

© Bouwwereld

Respect de l'environnement

Kinepolis s'efforce de réduire au maximum son empreinte écologique grâce à la mise en œuvre de la politique « Green Star », lancée en 2011.

POLITIQUE GREEN STAR

La politique « Green Star » de Kinepolis repose sur les principes suivants :

- La conception et la réalisation durables des projets de construction ;
- La rénovation durable des cinémas existants ;
- La mise en œuvre de techniques d'économie d'eau et d'énergie ;
- Une technologie cinématographique durable ;
- La stimulation de la billetterie mobile et la recherche d'un parcours client sans ticket ;
- La limitation des déchets et la sensibilisation en matière de tri des déchets.

Les mesures précitées ont pour principal objectif d'optimiser systématiquement la consommation d'énergie ou du moins de la maintenir. Depuis 2019, l'évolution de la consommation d'énergie (exprimée en kWh/m²) au sein du Groupe est l'indicateur de performance clé (KPI) choisi par Kinepolis. En raison de l'activité limitée et des fermetures prolongées de tous les cinémas, ce KPI n'est pas considéré comme pertinent pour l'année 2020. Un rapport intégral incluant Landmark Cinemas Canada est prévu à partir de 2021.

IMMOBILIER DURABLE

Pour la construction de nouveaux cinémas comme pour la rénovation de complexes existants, les paramètres verts sont cruciaux, au même titre que le confort des visiteurs et des collaborateurs. Kinepolis s'efforce au maximum de réduire son empreinte écologique dans le choix de ses sources d'énergie et de ses matériaux de construction.

Les principes Green Star suivants sont appliqués pour les projets de construction :

- Utilisation de matériaux et de techniques certifiés avec un impact écologique limité ;
- Adaptation des installations à des sources énergétiques durables, notamment les installations de conservation de la chaleur et de la fraîcheur à Utrecht, Dordrecht et Bois-le-Duc ;
- Lorsque c'est possible, alimentation des complexes cinématographiques en électricité renouvelable (par la conclusion de contrats en matière d'électricité verte) ;
- Choix standard d'un éclairage LED ;
- Simplification de l'entretien, en tant que facteur important du coût total de possession (somme des frais de construction et d'exploitation) ;
- Investissement dans des espaces multifonctionnels capables de s'adapter à diverses configurations d'utilisation sans avoir à procéder à des transformations en profondeur ;
- Isolation performante des murs et des toits ;
- Obtention d'un certificat de durabilité pour les projets de construction (par ex. GPR aux Pays-Bas) ;
- Installation de la technologie d'économie d'eau dans les espaces sanitaires.

KPI CONSOMMATION D'ÉNERGIE DE KINEPOLIS GROUP [1] EN 2019 (KPI NON PERTINENT EN 2020)

En kWh/m²	2017	2018	**2019**
Belgique	171,55	169,95	160,92
Pays-Bas	NA	NA	158,17
France	NA	NA	162,88
Espagne	101,43	99,60	107,24 [2]
Luxembourg	NA	NA	192,30

(1) Landmark Cinemas Canada et MJR non compris.
(2) L'augmentation peut s'expliquer par l'ajout des cinémas El Punt, dont la performance énergétique est moindre.

La réalisation de rénovations est souvent une occasion idéale de mise en œuvre de mesures supplémentaires, notamment :

- Le renforcement de l'isolation lors de travaux de rénovation de la toiture ;
- L'isolation des parkings sous les salles ;
- L'utilisation d'un asphalte perméable lors de la rénovation des parkings afin d'exploiter les capacités d'absorption du sol ;
- L'installation de citernes pour la collecte des eaux de surface ;
- L'installation de systèmes de commande novateurs afin d'assurer une gestion centralisée de tous les systèmes de chauffage et de refroidissement (par ex. BaOpt, Optivolt) ;
- Le remplacement des sols existants dans les boutiques par du Gerflor, un revêtement PVC entièrement recyclable qui ne contient pas de formaldéhydes ;
- L'installation de la technologie d'économie d'eau dans les espaces sanitaires.

CERTIFICATION GPR

Kinepolis Bois-le-Duc (photo) et Dordrecht ont reçu la certification néerlandaise GPR, un label pour l'immobilier durable basé sur cinq critères (énergie, environnement, santé, qualité d'utilisation et valeur d'avenir).

PANNEAUX SOLAIRES

Kinepolis Bois-le-Duc dispose d'une installation photovoltaïque depuis le début de 2019. En 2020, des panneaux solaires ont également été installés sur le toit de Kinepolis Braine-L'Alleud. L'installation permettra aux complexes cinématographiques concernés de réaliser des économies d'énergie estimées entre 20 et 25 %. Vu l'impact de la crise Covid-19, l'installation de panneaux solaires pour d'autres cinémas ne figure pas à l'agenda des investissements pour 2021. Elle sera néanmoins évaluée ultérieurement (notamment pour les cinémas de Breda, Utrecht, Madrid et Grenade).

APPLICATION DE TECHNIQUES D'ÉCONOMIE D'ÉNERGIE AVANCÉES

Le suivi et le contrôle innovants des installations techniques permettent à Kinepolis de poursuivre la diminution de sa consommation d'énergie au fil des ans. Kinepolis mesure et évalue systématiquement la consommation énergétique de ses cinémas et prend, le cas échéant, des mesures pour faire baisser encore davantage la consommation. Au Kinepolis Bois-le-Duc

Kinepolis Braine-L'Alleud (BE)

OPTIVOLT

En janvier 2017, Kinepolis a fait appel pour la toute première fois aux systèmes d'Optivolt dans le but de diminuer la consommation énergétique du Kinepolis d'Anvers en éliminant toute forme de consommation inefficace. En 2017 et 2018, après une évaluation positive, pratiquement tous les cinémas belges et plusieurs cinémas néerlandais ont été équipés notamment d'Optivolt V-liners® et MultiLiners. Optivolt travaille avec des ingénieurs afin de configurer les installations de régulation le plus efficacement possible dans les bâtiments existants et de neutraliser les pics de consommation d'électricité. En réglant efficacement les installations, en veillant surtout aux interactions qui les relient, il est en effet possible de réduire sensiblement la consommation d'énergie. Les pics de capacité ont été réduits d'environ 20 %.

et Haarlem, par exemple, la station d'épuration de l'air a été équipée d'un système de pression variable commandé par fréquence. Il s'agit d'une technologie de contrôle révolutionnaire qui crée un climat intérieur beaucoup plus naturel et agréable et qui consomme jusqu'à 40 % d'énergie en moins que les systèmes traditionnels de traitement de l'air. Kinepolis choisit désormais cette technique comme norme pour les nouveaux cinémas.

Parallèlement, depuis le début 2017, Kinepolis a recours aux systèmes d'économie d'énergie d'Optivolt (voir encadré) en Belgique et aux Pays-Bas. Le déploiement d'Optivolt dans les cinémas français a commencé en 2019. En Espagne, de tels systèmes ont déjà été installés dans tous les cinémas en 2018, bien qu'en collaboration avec un autre fournisseur.

Au Canada, l'équipe de Landmark a commencé à mettre en œuvre diverses mesures d'économie d'énergie en 2019. Il s'agit notamment de passer à un éclairage à LED, à des détecteurs de présence, à des commandes de CVC à vitesse variable et à de meilleurs systèmes d'automatisation et de contrôle des bâtiments. Les mesures précitées ont déjà été mises en œuvre dans la plupart des complexes cinématographiques européens ; ces pratiques sont désormais bien établies en Europe.

Kinepolis explore sans cesse de nouvelles pistes pour réduire sa consommation énergétique. À titre d'exemple, la chaleur générée notamment dans les cabines de projection est également utilisée, lorsque c'est possible, pour chauffer les foyers. Un autre exemple réside dans le remplacement des réchauffeurs à popcorn ouverts par des modèles fermés. Les réchauffeurs fermés consomment 30 à 60 % d'énergie en moins que la version ouverte. Depuis 2017, Kinepolis remplace chaque année des dizaines de réchauffeurs à popcorn.

ÉCONOMIES D'EAU

Kinepolis fait également preuve de parcimonie en matière de consommation d'eau et prend diverses mesures pour la réduire et éviter les gaspillages. Pour y parvenir, la technologie « Ipee » a été installée dans les toilettes de plusieurs complexes cinématographiques. Celle-ci consiste en des capteurs intelligents placés dans les urinoirs, qui adaptent le volume de la chasse d'eau à chaque passage, pour une hygiène optimale sans gaspillage d'eau. Dans le tout nouveau cinéma de Leidschendam (ouvert en mars 2021), cette technologie a été appliquée non seulement aux urinoirs, mais aussi pour la première fois aux toilettes ordinaires. Ces dernières années, Kinepolis a aussi remplacé les robinets traditionnels dans la plupart des complexes par des robinets automatiques fonctionnant sur la base de la détection optique.

Les réchauffeurs de popcorn fermés consomment 30 à 60 % d'énergie en moins

© Ipee

Des urinoirs et des toilettes intelligents grâce à la technologie « Ipee »

TECHNOLOGIE DURABLE

PROJECTION LASER

La numérisation des systèmes de projection a marqué une étape importante dans la politique de durabilité de Kinepolis. Cette évolution technologique marquait la fin de la production chimique de pellicules de film et le transport de rouleaux de film volumineux. Entre-temps, la technologie de projection a encore progressé et Kinepolis se tourne résolument vers la projection laser. En juin 2018, le groupe cinématographique a signé un contrat avec Cinionic, co-entreprise cinématographique de Barco, pour équiper quelque 300 salles de la projection laser d'ici au milieu de l'année 2021. Il s'agit à la fois d'installations dans des cinémas neufs et de remplacements d'anciens modèles dans des sites existants.

Les projecteurs laser garantissent non seulement une qualité d'image sublime, mais permettent aussi d'économiser 30 à 40 % d'énergie par rapport aux projecteurs à lampes au xénon. Du fait que le projecteur est dépourvu d'ampoules, il nécessite par ailleurs un refroidissement moins important et les lampes ne doivent pas être remplacées.

Les remplacements de laser ont été largement suspendus l'année dernière en raison de l'impact de la crise Covid-19. Dans le cadre de l'accord avec Cinionic, Kinepolis avait installé 210 projecteurs laser à la fin de 2020, ce qui représente une économie d'énergie annuelle de plus de 1,8 GWh. Au total, Kinepolis comptait 257 salles avec projection laser à la fin de 2020, dont 232 en Europe et 25 au Canada. En raison de la relative jeunesse des systèmes de projection dans les cinémas Landmark, un large remplacement des systèmes de projection actuels par des projecteurs laser n'a pas encore eu lieu au Canada. Les nouveaux cinémas ouverts depuis 2019 sont cependant entièrement équipés du laser, y compris une salle Laser ULTRA.

Projecteurs laser Barco de Cinionic

Distributeurs automatiques de tickets de Landmark Cinemas

Distributeurs automatiques de tickets Kinepolis

Billetterie mobile

Tout peut se faire via un smartphone ou une tablette

BILLETTERIE EN LIGNE ET MOBILE

De même, l'importance grandissante de la vente de tickets en ligne et mobile réduit l'impact écologique des activités opérationnelles de Kinepolis. Kinepolis fut aussi un des premiers exploitants de cinéma à lancer, il y a quelques années, un système de réservation et de numérotation des sièges, ce qui a permis de stimuler les ventes en ligne de tickets.

En Europe, en 2020, 51 % des tickets ont été achetés en ligne ou via l'appli. Au Canada, ce chiffre est de 53 %. Grâce au système de billetterie mobile, les clients peuvent acheter des tickets via leur smartphone ou leur tablette, sans même avoir à les imprimer. Les clients qui achètent des tickets aux distributeurs automatiques dans les cinémas européens peuvent également entrer sans ticket imprimé.

TRI DES DÉCHETS

Kinepolis s'est toujours préoccupé de réduire sa production de déchets, d'en assurer correctement le tri et de les traiter de façon professionnelle.

Kinepolis s'efforce, partout où c'est possible, de limiter les quantités de déchets et a notamment pris la décision de remplacer les distributeurs automatiques de serviettes dans les sanitaires par des systèmes de séchage électriques. Lors des rénovations, les sièges sont quant à eux uniquement remplacés quand ils sont trop usés. Et, dans la mesure du possible, ils sont simplement recouverts d'un nouveau tissu.

Les visiteurs sont en outre sensibilisés en permanence au respect du tri des déchets. Des poubelles avec des compartiments séparés sont placées à l'entrée et à la sortie des salles et dans le foyer. Les déchets sont ensuite récupérés et traités par des entreprises spécialisées. Les renseignements concernant le tri des déchets sont souvent rappelés lors de l'avant-programme (les communications qui défilent à l'écran avant la diffusion du film). Les règles et les possibilités de recyclage varient d'un pays à l'autre. Au Canada, par exemple, on n'opère encore qu'une seule distinction entre le papier/carton et les autres déchets. En Belgique et aux Pays-Bas, Kinepolis collabore avec Fost Plus (BE) et Milieu Service Nederland (P-B) pour des projets (tests) relatifs au tri des déchets.

Le vieux matériel informatique de Kinepolis retrouve une nouvelle vie dans les pays en voie de développement et offre ainsi aux jeunes des possibilités supplémentaires, notamment au Malawi (photo)

IN-THEATRE SALES OPTE POUR DES SOLUTIONS DURABLES

En plus de remplacer les réchauffeurs ouverts par la version fermée (voir plus haut), Kinepolis est passé aux pailles en papier dans ses complexes cinématographiques belges et a remplacé les sacs de bonbons en plastique par une version en papier. Dans les boutiques, les plateaux de nachos sont en carton et les plateaux de nachos en plastique des pop-ups sont remplacés par des plateaux fabriqués à partir de canne à sucre (entièrement compostables). Les couvercles des gobelets de coca-cola sont également adaptés pour supprimer tout plastique à usage unique.

En général, Kinepolis s'efforce de conclure des partenariats au niveau national afin d'unir les forces et de parvenir ensemble à des solutions durables. Parmi les interlocuteurs réguliers figurent Coca-Cola, les entreprises de gestion des déchets, mais aussi les villes et les communes ou les groupes de développement durable. Kinepolis, par exemple, est un membre actif du Green Business Club Utrecht Centraal, où l'on cherche à regrouper les flux logistiques des entreprises dans la zone de la gare afin de réduire les émissions des camions.

CLOSE THE GAP

Kinepolis fait don d'ordinateurs, d'ordinateurs portables et de serveurs usagés à « Close the Gap », une organisation qui donne une seconde vie à ce type de matériel dans les pays en voie de développement. De cette façon, nous apportons notre contribution afin de donner au plus grand nombre de personnes possible l'accès à la technologie et à l'éducation. En 2020, Kinepolis a fait don d'un total de 50 ordinateurs portables et de bureau. Avec Close the Gap, nous veillons à ce que le matériel revienne en Europe par la suite et soit démantelé de manière écologique.

Kinepolis vise à faciliter l'accessibilité de ses complexes cinématographiques en transports publics

CHANGEMENT CLIMATIQUE

Étant donné que Kinepolis, en tant qu'entreprise de services, n'a pas d'activités très polluantes, un rapport sur ses émissions de CO_2 est moins pertinent. Toutefois, Kinepolis s'efforce toujours de rendre ses complexes cinématographiques facilement accessibles, que ce soit par les transports publics, à vélo ou en voiture.

En mettant en œuvre l'obligation de télétravail et en limitant fortement les déplacements professionnels, Kinepolis a contribué à une réduction globale des émissions de CO_2 à cause de la pandémie de Covid-19. Bien que ce trafic soit amené à augmenter à nouveau après la pandémie, Kinepolis s'attend à maintenir le télétravail et la vidéoconférence sous une forme plus permanente. En conséquence, le trafic de voyageurs ne reviendra en aucun cas à son niveau d'avant la pandémie.

Dans ses analyses de risques (voir partie III, page 32), Kinepolis tient compte des éventuelles catastrophes naturelles qui pourraient affecter ses activités en raison du réchauffement climatique, et prend des mesures appropriées lorsque c'est possible pour les anticiper et minimiser les risques.

Intégrité dans les affaires

Kinepolis Thionville (FR)

POLITIQUE DE LUTTE CONTRE LA CORRUPTION ET LES POTS-DE-VIN

Kinepolis applique une politique rigoureuse en matière de lutte contre la corruption et les pots-de-vin :

- Kinepolis interdit l'offre et/ou le versement de pots-de-vin à des membres de l'administration (et n'en accepte pas) ;
- Kinepolis interdit la proposition, l'attribution, le versement, l'exigence ou l'acceptation de pots-de-vin et d'autres avantages illégitimes, de manière directe ou indirecte, afin d'obtenir ou de conserver des contrats ou des avantages indus. Kinepolis prend soin d'éviter toute implication, de quelque manière que ce soit, dans des activités de blanchiment de capitaux ;
- Kinepolis traite exclusivement avec des partenaires qui font preuve d'intégrité dans les affaires et qui ne sont associés, en aucune manière, à la fraude.

Kinepolis applique par conséquent une politique stricte en matière de lutte contre la corruption et les pots-de-vin, partant de la conviction que, outre leur aspect non déontologique, ces activités sont susceptibles in fine d'entacher irrémédiablement la réputation de l'entreprise ainsi que de ses parties prenantes et de leur causer des dommages économiques irréversibles.

MESURES POLITIQUES

Ladite politique est explicitement énoncée dans le Code de conduite de Kinepolis, que chaque collaborateur fixe reçoit lors de sa prise de fonction et doit signer. En outre, tout manager doit, chaque année, formellement déclarer avoir respecté les dispositions dudit Code de conduite (dont la politique susmentionnée).

KPI % DE COLLABORATEURS QUI ONT SOUSCRIT AU CODE DE CONDUITE EN 2020 [1]

100%

(1) Joint au contrat de travail et signé par chaque nouveau collaborateur.

Kinepolis ne lésine pas sur les efforts pour sensibiliser la direction sur sa politique de lutte contre la corruption et les pots-de-vin par le biais de formations obligatoires relatives à la gestion des risques et aux mesures de contrôle. Les membres du personnel sont également invités, lorsqu'ils pensent être confrontés à une situation à risque, à en informer leur manager direct dans les plus brefs délais, en ayant recours ou non à la procédure « lanceurs d'alerte » formelle, tout en veillant à ce qu'une réponse adéquate soit apportée.

Les infractions au Code peuvent donner lieu à des sanctions, conformément au règlement de travail et/ou à la législation du pays concerné.

RESPECT DES DROITS DE L'HOMME

Kinepolis adhère à la Déclaration universelle des droits de l'homme telle qu'elle a été adoptée par les Nations Unies, et s'engage à la respecter dans tous les aspects de ses activités. Lesdits droits sont garantis par le respect de la législation des pays dans lesquels Kinepolis opère. Parallèlement, le respect des droits de l'homme constitue pour Kinepolis un critère essentiel dans son choix de partenaires, de fournisseurs et de matériaux.

Outre l'aspect non déontologique, le non-respect des droits humains est susceptible in fine d'entacher irrémédiablement la réputation de l'entreprise ainsi que de ses parties prenantes et de leur causer des dommages économiques irréversibles.

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KINEPOLIS GROUP | FINANCIAL REPORT

2020

PART III

FINANCIAL REPORT

KINEPOLIS GROUP

2020

This Financial Report is a component of the Kinepolis Group Annual Report 2020, which consists of three parts:

PART I
COMPANY REPORT

PART II
SUSTAINABILITY REPORT

PART III
FINANCIAL REPORT

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Part III

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Key figures and ratios [1]

KEY FIGURES

Reconciliations, glossary and APMs on pages p. 122-126

NUMBER OF COMPLEXES [2] [3]	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHER (POLAND, SWITZERLAND)	**TOTAL**
2020	11	14	46	8	20	10	3	2	114

VISITORS (MILLIONS) [4]	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	SWITZERLAND	**TOTAL**
2019	8.12	7.39	11.66	6.18	4.53	1.37	0.98	0.11	40.34
2020	2.30	2.11	2.66	1.56	2.00	1.10	0.29	0.04	12.05
2020 compared to 2019	-71.7%	-71.5%	-77.2%	-74.8%	-55.7%	-19.6%	-70.8%	-65.7%	-70.1%

CONSOLIDATED INCOME STATEMENT (IN '000 €)	2016	2017	2018	2019	**2020**
Revenue	324 938	355 427	475 880	551 482	176 282
EBITDA	91 650	103 186	117 187	172 339	17 188
EBITDAL				142 357	-13 981
Adjusted EBITDA	94 574	104 292	118 999	174 148	17 492
Adjusted EBITDAL				144 166	-13 677
Gross result	100 209	113 395	130 229	157 596	-43 357
Operating result	63 207	72 915	79 130	101 037	-65 663
Financial result	-7 619	-8 213	-12 371	-23 726	-26 052
Result before tax	55 588	64 702	66 759	77 311	-91 715
Result	47 646	49 067	47 409	54 372	-69 111
Adjusted result	40 413	44 745	47 522	56 003	-68 678

ANNUAL GROWTH RATES	2016	2017	2018	2019	**2020**
Revenue	7.7%	9.4%	33.9%	15.9%	-68.0%
EBITDA	3.3%	12.6%	13.6%	47.1%	-90.0%
EBITDAL					-109.8%
Adjusted EBITDA	4.0%	10.3%	14.1%	46.3%	-90.0%
Adjusted EBITDAL					-109.5%
Gross result	0.6%	13.2%	14.8%	21.0%	-127.5%
Operating result	-3.1%	15.4%	8.5%	27.7%	-165.0%
Result	47.7%	3.0%	-3.4%	14.7%	-227.1%
Adjusted result	-6.5%	10.7%	6.2%	17.8%	-222.6%

(1) As of 1 January 2019 IFRS 16: Leases is applied.
(2) Including Cinema City Poznań (Poland), operated by Cineworld.
(3) Number of cinemas on publication date.
(4) Excluding Cinema City Poznań (Poland).

Reconciliations, glossary and APMs on pages p. 122-126

CONSOLIDATED BALANCE SHEET (IN '000 €)	2016	2017	2018	2019	**2020**
Non-current assets	424 122	514 518	558 150	1 149 043	1 097 121
Current assets	79 324	206 437	122 704	134 779	71 059
TOTAL ASSETS	**503 446**	**720 955**	**680 854**	**1 283 822**	**1 168 180**
Equity	149 898	176 394	177 617	211 253	126 496
Provisions and deferred tax liabilities	25 531	35 849	35 640	23 728	16 126
Non-current loans and borrowings	207 278	342 106	272 677	479 513	469 882
Non-current lease liabilites				383 052	358 317
Current loans and borrowings	6 996	39 873	69 790	10 099	76 599
Current lease liabilities				33 091	35 295
Trade and other payables	100 160	116 466	117 516	139 848	84 778
Others	13 582	10 267	7 614	3 238	687
TOTAL EQUITY AND LIABILITIES	**503 446**	**720 955**	**680 854**	**1 283 822**	**1 168 180**

DATA PER SHARE [5]	2016	2017	2018	2019	**2020**
Revenue	11.94	13.05	17.67	20.52	6.56
EBITDA	3.37	3.79	4.35	6.41	0.64
EBITDAL				5.30	-0.52
Adjusted EBITDA	3.48	3.83	4.42	6.48	0.65
Adjusted EBITDAL				5.36	-0.51
Result	1.75	1.80	1.76	2.02	-2.56
Adjusted result	1.48	1.64	1.76	2.08	-2.55
Equity, share of the Group	5.51	6.48	6.59	7.85	4.71
Gross dividend [6]	0.87	0.91	0.92		
Pay-out ratio	50%	50%	52%		

(5) Calculated based on the weighted average number of shares for the relevant period.
(6) Calculated based on the number of shares eligible for dividend.

RATIOS

Reconciliations, glossary and APMs on pages p. 122-126

PROFITABILITY RATIOS	2016	2017	2018	2019	**2020**
EBITDA / Revenue	28.2%	29.0%	24.6%	31.3%	9.8%
EBITDAL / Revenue				25.8%	-7.9%
Adjusted EBITDA / Revenue	29.1%	29.3%	25.0%	31.6%	9.9%
Adjusted EBITDAL / Revenue				26.1%	-7.8%
Gross result / Revenue	30.8%	31.9%	27.4%	28.6%	-24.6%
Operating result / Revenue	19.5%	20.5%	16.6%	18.3%	-37.2%
Result / Revenue	14.7%	13.8%	10.0%	9.9%	-39.2%

FINANCIAL STRUCTURE RATIOS EXCL. LEASE LIABILITIES	2016	2017	2018	2019	**2020**
Net financial debt				416 950	513 281
Net financial debt / EBITDAL				2.93	-36.71
Net financial debt / Adjusted EBITDAL				2.89	-37.53
Net financial debt / Equity				1.97	4.06
Equity / Total equity and liabilities				24.3%	16.3%
Current ratio				0.92	0.46
ROCE excl. IFRS 16				16.2%	-10.1%

FINANCIAL STRUCTURE RATIOS	2016	2017	2018	2019	**2020**
Net financial debt	169 751	224 310	276 818	833 093	906 892
Net financial debt / EBITDA	1.85	2.17	2.36	4.83	52.76
Net financial debt / Adjusted EBITDA	1.79	2.15	2.33	4.78	51.85
Net financial debt / Equity	1.13	1.27	1.56	3.94	7.17
Equity / Total equity and liabilities	29.8%	24.5%	26.1%	16.5%	10.8%
Current ratio	0.71	1.30	0.67	0.75	0.37
ROCE	17.9%	17.3%	16.3%	12.9%	-6.1%

ADJUSTED EBITDA(L) / REVENUE [1]

NET FINANCIAL DEBT EXCL. LEASE LIABILITIES [2] **/ EQUITY**

ROCE EXCL. IFRS 16 [3]

(1) As of 1 January 2019 IFRS 16: Leases is applied. As of 2019 adjusted EBITDAL is included instead of adjusted EBITDA.
(2) As of 1 January 2019 IFRS 16: Leases is applied. As of 2019 the net financial debt excl. lease liabilities is included instead of net financial debt.
(3) As of 1 January 2019 IFRS 16: Leases is applied. As of 2019 ROCE excl. IFRS 16 is included instead of ROCE.

Share information

The Kinepolis Group share (ISIN: BE0974274061 / mnemo: KIN) has been listed on Euronext Brussels since 9 April 1998 under compartiment B (Mid Caps).

NUMBER OF SHARES

	2016	2017	2018	2019	**2020**
Number of shares at 31 December	27 365 197	27 365 197	27 365 197	27 365 197	27 365 197
Weighted average number of ordinary shares [1]	27 214 153	27 232 851	26 936 217	26 872 851	26 884 346
Weighted average number of diluted ordinary shares [2]	27 249 350	27 268 051	27 010 648	27 084 005	27 158 344

SHARE TRADING

	2016	2017	2018	2019	**2020**
Closing price at 31 December (in €)	42.50	55.66	48.80	59.20	34.75
Market value at closing price (in '000 €)	1 163 021	1 523 147	1 335 422	1 620 020	950 941
Lowest price of the year (in €)	35.2	42.1	42.6	45.8	18.8
Highest price of the year (in €)	42.7	61.3	61.4	62.3	62.0
Traded volume per year	3 484 211	3 891 319	4 590 753	3 224 004	19 055 736
Average traded volume per day	13 557	15 260	18 059	12 643	74 147

Source: Euronext

EVOLUTION SHARE PRICE AND VOLUME OVER THE LAST 5 YEARS

(1) Weighted average number of ordinary shares: average number of outstanding shares – average number of treasury shares.
(2) Weighted average number of diluted ordinary shares: average number of outstanding shares – average number of treasury shares + number of possible new shares that must be issued under the existing share option plans x dilution effect of the share option plans.

Market information

European cinema industry saw a € 6.2 billion box office drop in 2020

Cinemas all over the European continent saw a 70.6% drop in box office in 2020, accounting for a total decrease of € 6.2 billion in revenues compared to 2019. A similar 69.0% reduction could be observed in the European Union, resulting in a € 4.0 billion drop in revenues.

These challenging figures are the direct consequence of the impact on the cinema industry of the Covid-19 pandemic which has caused months of complete closure and occupancy restrictions across Europe and globally.

These figures come after a very successful 2019, when European cinemas grossed over € 8.8 billion at the box office and attracted more than 1.34 billion cinema-goers. In the European Union, cinemas had recorded their best results for 15 years, with admissions reaching the 1 billion mark for the first time since 2004.

Additional impacts on revenues, such as lost concession sales and screen advertising income as well as cancelled events, have put the cinema industry under significant financial strain, with thousands of staff members furloughed in the past months.

Despite all of these unprecedented challenges, cinema operators have shown their resilience and capacity to adapt, preparing and implementing detailed health and safety guidelines while launching reopening campaigns, all to ensure the safe return of staff and cinema-goers.

Despite a lack of new film content, in particular from the major US studios, cinemas have shown their essential role in the promotion of local content and European culture.

NATIONAL FILMS' MARKET SHARE ACROSS EUROPE IN 2020 (1)

Source: UNIC — Press release dated 28 January 2020
(1) UNIC is the European trade grouping representing cinema exhibitors and their national trade associations across 38 European territories.
All the figures above are preliminary estimates based on box office, with the exception of France where it is based on admissions.
Figures for Montenegro and Serbia are collated due to local industry practices. Italian figures represent 95% of the market.

REDUCTION IN 2020 BOX OFFICE ACROSS UNIC TERRITORIES [1]

Source: UNIC — Press release dated 28 January 2020
(1) UNIC is the European trade grouping representing cinema exhibitors and their national trade associations across 38 European territories.
All the figures above are preliminary estimates based on box office, with the exception of France where it is based on admissions.
Figures for Montenegro and Serbia are collated due to local industry practices. Italian figures represent 95% of the market.

With the support of local distributors and producers, national films' market share reached new heights across the region, such as Denmark (49.4%), Czech Republic (46.4%), France (44.9%), Italy (56.6%), Russia (46.9%) and Poland (50%).

National governments and European institutions have introduced various support schemes since the start of the crisis, which have been crucial to cinema operators.

Discussion of the results

After a promising start of the year 2020 for Kinepolis, with a 12.0% increase in visitor numbers up to 12 March, the cinema industry was badly hit by the Covid-19 pandemic, with long periods of cinema closures and restrictive measures as well as repeated postponements of blockbuster movie releases.

As such, Kinepolis welcomed 12.1 million visitors in 2020, compared to initial expectations of more than 45 million visitors. Thanks to strong cost control and various measures that were taken, the EBITDA loss, adjusted for leases (EBITDAL), has been limited to € -14.0 million.

Kinepolis entered the crisis with a conservative debt ratio and a significant liquidity reserve, reinforced by the additional loan of € 80.0 million concluded at the beginning of 2021. Strong cost management, supported by the Group's significant real estate position, ensures that Kinepolis can confidently navigate through the crisis and can continue to cope with the negative effects of the Covid-19 pandemic for a considerable period of time. The Group had € 171.0 million of financial headroom at the start of 2021.

In recent months, management has focused on further consolidating its business strategy, resulting in a plan – called 'Entrepreneurship 2022' – which, based on further optimisation measures and innovation, should provide maximum support for the restart and performance of the Group from 2022 on. The construction of various new-build projects was also continued in the past year, and these new cinemas will also help support the restart.

Kinepolis on Tour, Maldegem (BE)

Kinepolis Brussels (BE)

Film top 5 of 2020

VISITORS

The impact of the lengthy closures and the safety measures that were imposed, in combination with the lack of international releases, meant that Kinepolis welcomed only 12.1 million visitors in 2020 (-70.1% compared to 2019). The addition of the American cinemas, which were acquired in the autumn of 2019, did not weaken the drop in visitors, as the MJR cinemas were closed for most of the year.

We saw declines in visitors of more than 70% in all countries, except in the Netherlands (-55.7%) where the cinemas were open for longer periods and where successful local content partially compensated for the lack of Hollywood content.

The top 5 of 2020 was made up of *Bad Boys for Life*, *1917*, *Sonic The Hedgehog*, *Star Wars Episode IX: The Rise of Skywalker* and *Tenet*. The most successful local films were *F.C. De Kampioenen 4* and *The Bigfoot Family* in Belgium, *Ducobu 3.0* and *30 jours max* in France, *De Beentjes van Sint Hildegard* and *April, May en June* in the Netherlands, *Padre no hay más que uno 2: la llegada de la suegra* and *Adú* in Spain and *The Broken Hearts Gallery* in Canada.

REVENUE

Total revenue in 2020 amounted to € 176.3 million. Revenue fell less sharply than visitor numbers, mainly thanks to the revenue from B2B, concessions and film distribution, which fell less sharply than visitors.

Visitor-related revenue decreased by 70.2%, and thereby remained virtually stable compared to the evolution of visitor numbers. Revenue from Box Office (BO) decreased by 70.0% and revenue from the sale of drinks and snacks (In-theatre Sales, ITS) fell by 70.5%. BO revenue per visitor showed a slight increase thanks to the increased weighting of the Netherlands, and ITS revenue per visitor decreased slightly due to restrictions on sales in many countries in the fourth quarter.

Revenue from B2B activities decreased by 62.4%, with Brightfish (the Belgian screen advertising agency) experiencing a 75.8% fall in revenue. Revenue from real estate activities, as well as from the Belgian film distribution branch (Kinepolis Film Distribution, KFD) declined less, by 21.4% and 35.6% respectively.

Box Office revenue amounted to € 91.4 million. BO per visitor decreased in almost all countries due to the absence of blockbusters and the resulting lower sales of premium products such as Cosy Seats, Laser ULTRA, 4DX and ScreenX, as well as a lower share of 3D. BO revenue per visitor increased in Spain, thanks to fewer price promotions in 2020 and an increase in ticket prices in 2019.

REVENUE IN 2020 (compared to 2019)

BY COUNTRY

BY ACTIVITY

TOTAL 2020: € 176.3 MILLION
(2019: € 551.5 MILLION)

(1) Including screen advertising

Landmark Shawnessy *Marketplace* (CA)

Landmark Regina Birthday room (CA)

In-theatre Sales amounted to € 45.9 million, falling slightly more than the development in visitor numbers, due to less 'popcorn content' on the one hand and the restrictions on sales in many countries in the fourth quarter on the other hand. We saw a decline in revenue per visitor in almost all countries, except in North America, where both Canada and the US recorded an increase in the number of products sold per visitor.

B2B revenue decreased by 62.4%, partly due to a strong decline in screen advertising and a decrease in the sale of vouchers and events.

Real estate income decreased by 21.4% due to a decrease in the variable rent in amongst others Poland, allowances to tenants during the lockdown and a number of vacant concessions in Belgium and the Netherlands.

Revenue from **Kinepolis Film Distribution (KFD)** decreased by only 35.6%, despite fewer releases, mainly thanks to increased revenue from the after-theatrical catalogue (home entertainment).

Brightfish saw its income fall by 75.8%, due to the closure of the cinemas and a consequent sharp decline in both events and national and local screen advertising.

EBITDA

Thanks to the cost measures taken, EBITDA was positive, but decreased by 90.0%, to € 17.2 million. EBITDA adjusted for leases (EBITDAL) amounted to € -14.0 million. The EBITDA per visitor decreased from € 4.27 to € 1.43.

LOSS OVER THE PERIOD

Loss before tax amounted to € -91.7 million, but was partly offset by the creation of tax assets, resulting in a € -69.1 million loss for 2020, which is explained by the operating loss (EBITDAL), higher financial costs and depreciations through the investments in newly built complexes, as well as in acquisitions dating from 2019.

Net financial result increased, mainly due to the placement of bonds amounting to € 225.0 million in July 2019 and the partial withdrawal of the roll-over credit throughout 2020.

The effective tax rate at 24.6% was considerably lower than the tax rate of 29.7% in 2019.

The result per share amounted to € -2.56.

FREE CASH FLOW AND NET FINANCIAL DEBT

Free cash flow was € -56.5 million, compared with € 90.2 million in 2019. Free cash flow was negatively impacted by the working capital loss of € 24.3 million.

Free cash flow after expansion investments, dividends and the sale of assets amounted to € -94.8 million, including € 39.7 million investments in external expansion, with the construction of five new complexes in the Netherlands, France and Canada and the roll-out of experience concepts, such as ScreenX and Laser ULTRA, in the first quarter of 2020 in existing and acquired cinemas. Investments in maintenance were limited to € 5.6 million and were mainly in the first quarter due to the general investment stop following the first lockdown.

ScreenX, Kinepolis Utrecht (NL)

Laser ULTRA Screen in Landmark Calgary Market Mall (US)

Landmark Shawnessy (CA)

Net financial debt, excluding lease liabilities, increased by only € 96.3 million, mainly due to internal and external expansion for a total amount of € 39.7 million and a working capital loss of € 24.3 million due to the almost complete cessation of activities. Without these investments and the loss of working capital, the increase in net financial debt [1] was only € 32.3 million in a period of very limited turnover since mid-March.

Kinepolis is required to comply with conditions relating to, among others, the maximum debt ratio (covenants) on its bank debt. This relates to the roll-over credit of € 120.0 million (€ 66.5 million drawn on 31/12/2020) and a term loan of € 20.3 million. The new credit taken out at the beginning of January 2021 for an amount of € 80.0 million is also covered by these covenants. No covenants apply to most of the other liabilities. There is only an increase in interest on the private placement of 2019 if a specific debt ratio is exceeded. As a result of the Covid-19 pandemic, Kinepolis has reached an agreement with its financial institutions to allow a so-called 'covenant holiday' until 30 June 2022. This means that, among other things, the conditions relating to the maximum debt ratio in relation to the EBITDAL will be temporarily suspended until the half-year figures of 30 June 2022. These conditions, which only apply to bank debt, will be replaced by, among other things, a liquidity covenant, which means that the sum of the available cash and confirmed credit lines must be at least € 30.0 million during the term of this 'covenant holiday'.

Kinepolis Group had € 171.0 million in liquidity at the start of 2021, including the new credit of € 80.0 million concluded at the beginning of January.

Total gross financial debt, excluding lease liabilities, increased by € 56.9 million to € 546.6 million as per 31 December 2020, compared to 31 December 2019 (€ 489.7 million). This gross debt does not include the new credit of € 80.0 million with a term of 3 years, which was entered into at the beginning of January 2021.

BALANCE SHEET

Equity was € 126.5 million on 31 December 2020. Solvency was 10.8%, compared with 16.5% in 2019.

DIVIDEND

In view of the result and the current circumstances, the Board of Directors will propose to the General Meeting of 12 May 2021 not to distribute a dividend for the 2020 financial year.

(1) Net financial debt excluding lease liabilities.

Kinepolis 'Full' Barcelona (ES)

IMPORTANT EVENTS IN 2020 AND AFTER CLOSING DATE

KINEPOLIS FREE TO OPEN NEW CINEMAS IN BELGIUM FROM AUGUST 2021

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

RENOVATION OF THE 'FULL' CINEMA IN BARCELONA

In Barcelona (ES), the first closure was used to thoroughly renovate the 'Full' cinema, which was acquired in 2019. The cinema was, amongst other things, fitted with a completely renovated shop, entirely in line with Kinepolis' well-known self-service shop concept. The cinema in Barcelona, which has 28 screens and more than 2 500 seats, will continue to operate under the established 'Full' brand.

SUCCESSFUL 'KINEPOLIS ON TOUR' DRIVE-IN CAMPAIGN

Kinepolis launched the *Kinepolis on Tour* drive-in cinema concept in Belgium at the beginning of the summer. Over the entire summer period, *Kinepolis on Tour* visited various locations to allow visitors to enjoy a film on the largest mobile LED screen in the world from the comfort of their cars. *Kinepolis on Tour* hosted more than 16 000 cars this summer, spread over ten different locations. A new *Kinepolis on Tour* edition is planned for the Easter holidays and summer of 2021.

OPENING OF KINEPOLIS HAARLEM ON 8 OCTOBER

Kinepolis opened a new cinema in the Schalkwijk Centre in Haarlem (NL) on 8 October 2020. The cinema has 6 screens and 937 seats, and all screens are equipped with laser projection, including one with Laser ULTRA technology. The opening of a new cinema fits in with the redevelopment of Schalkwijk Centre. The project for the new cinema in Haarlem was acquired by Kinepolis as part of the acquisition of NH Bioscopen in January 2018.

Kinepolis on Tour drive-in cinema

KINEPOLIS LEIDSCHENDAM READY FOR OPENING
As soon as the situation permits, Kinepolis plans to open its new cinema in Leidschendam in the Netherlands, as part of the 'Westfield Mall of the Netherlands' project. This is a project by Unibail-Rodamco-Westfield, in which the Leidsenhage shopping centre was transformed into the largest shopping centre in the Netherlands. The opening of the new shopping centre is planned for 18 March. The cinema will have 11 screens and Kinepolis expects to receive around 500 000 visitors per year.

KINEPOLIS METZ WAVES READY FOR OPENING
Kinepolis also plans to open a new cinema in the Waves-Actisud commercial centre in Moulins-lès-Metz, France, in the first quarter of 2021. The cinema has 6 screens and around 900 seats. Kinepolis expects to receive around 300 000 visitors per year in this new French complex.

LANDMARK TAMARACK READY FOR OPENING
And in Canada too, a brand new Landmark cinema will open at the 'Grove on 17' site in the Tamarack region of southeast Edmonton, Alberta, as soon as the situation permits. All eight auditoriums will be equipped with the Landmark luxury 'recliner' seat concept in a complete stadium layout. The new cinema will be fully equipped with Cinionic Barco laser projection and will also have a *MarketPlace* shop, in line with the well-known Kinepolis shop concept.

LAUNCH OF KINEPOLIS HOME DELIVERY
During the lockdown in the spring of 2020, Landmark Cinemas Canada launched a home delivery service for cinema snacks, working together with Uber Eats, among others. This concept was also tested in Antwerp (BE) in December 2020. The *Kinepolis home delivery* service will soon also be available in Kortrijk, Leuven, Ghent and Liège (BE).

Artist's impression of Kinepolis Leidschendam (NL)

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LAUNCH OF 'PRIVATE CINEMA' CONCEPT
After more than seven months of closure, MJR Digital Cinemas successfully launched a 'private cinema' concept in October. Groups of up to 20 persons can reserve private screenings in our American cinemas. This concept has since been translated into a European variant, *Kinepolis Privé*, which was launched in Luxembourg on 24 February 2021, and is also planned for Belgium. This is an exclusive private film screening for your friends and family, up to 10 people, ensuring of course that social distancing between bubbles is guaranteed.

KINEPOLIS CONCLUDES A 3-YEAR CREDIT OF € 80.0 MILLION AND EXTENDS THE COVENANT HOLIDAY
In order to be prepared for possible longer delays before the full resumption of its activities, Kinepolis has taken out an additional loan of € 80.0 million with its main bankers for a period of 3 years. In this context, the banks also extended the suspension of the credit covenants ('covenant holiday') until 30 June 2022. These covenants – which include a maximum debt level – were replaced by a liquidity covenant following the extended suspension. In line with the existing bank credit facilities, the additional credit provides for a number of conditions that limit the disposal of assets, acquisitions and the payment of dividends above a financial debt level of 3.75. On account of its strong balance sheet, the rigorous cost control measures applied, the solid real estate position and the back-up of an 80% guarantee provided by Gigarant (a Belgian state guarantee fund), Kinepolis succeeded in concluding the additional credit at attractive commercial terms.

Corporate Governance Statement

The governance structure of the Company, and more specifically the role and responsibilities, the composition and the functioning of the Board of Directors, its advisory Committees and the Executive Management are described in the **Corporate Governance Charter** (the 'Charter'), of which a revised version was adopted by the Board of Directors on 23 February 2021, using the Belgian **Corporate Governance Code 2020** (the 'Code 2020') as a reference code.

Kinepolis Rouen (FR)

The Board of Directors revised the Corporate Governance Charter at the beginning of 2021 in the light of the new Belgian Corporate Governance Code 2020 (the '2020 Code'), but has already applied these new governance rules as much as possible, with the central aim of ensuring long-term sustainable value creation for all stakeholders.

This chapter of the annual report provides more factual information on the Corporate Governance policy pursued in the financial year 2020, with the aim of applying the principles resulting from this charter as much as possible 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 website of Kinepolis Group: www.kinepolis.com/corporate.

SHARE CAPITAL

The share capital on 31 December 2020 amounted to € 18 952 288.41, and is represented by 27 365 197 shares, without nominal value, all of which benefit the same corporate rights.

After the delivery of 11 495 shares under share options exercised by beneficiaries, Kinepolis Group held 480 851 treasury shares on 31 December 2020, with a capital value of € 333 022.52.

RIGHTS TO NOMINATE CANDIDATES TO THE BOARD OF DIRECTORS

According to the articles of association, 8 directors can be appointed from among the candidates nominated by 'Kinohold Bis', a public 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 Company's capital.

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.

CHANGE OF CONTROL

The Credit Agreement concluded on 15 February 2012 between Kinepolis Group NV and some of its subsidiaries on the one hand, and BNP Paribas Fortis Bank NV, KBC Bank NV and ING Belgium NV (and with the addition of Belfius Bank from 16 December 2019) on the other hand, and as amended and restated several times and most recently as of 8 January 2021, provides for a participating financial institution being able to end its participation in said agreement, whereby the relevant part of the outstanding loan amount will become immediately due if natural or legal persons other than Kinohold Bis SA (or its legal successors) and Mr Joost Bert acquire control (as defined in the Credit Agreement) of Kinepolis 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 Kinepolis 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 website of Kinepolis Group.

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 Kinepolis 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 website of Kinepolis 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 relating to the private placement with institutional investors for an amount of € 225 million, contain clauses for the case of a change of control that are identical to those defined in the above-mentioned Prospectus.

SHAREHOLDER STRUCTURE AND NOTIFICATIONS RECEIVED

Based on the notifications received pursuant to Article 74 of the Public Acquisition Bids Act of 1 April 2007 from Kinepolis 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 Kinepolis Group NV, from subsequent transparency statements (pursuant to the Act of 2 May 2007 and the Royal Decree of 14 February 2008 regarding the disclosure of major holdings) and from notifications within the framework of the share buyback programme,it is shown that, as of 31 December 2020:

- 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 jointly controlled by the following natural persons (in their capacity as directors of the Stichting Administratiekantoor): Joost Bert, Koenraad Bert, Geert Bert and Peter Bert;
- Kinohold Bis SA shall continue to act in close consultation with Mr. Joost Bert;
- Kinepolis Group NV, which is controlled by Kinohold Bis SA, held 480 851 or 1.76% treasury shares;
- Mr Joost Bert, who acts in close consultation with Kinohold Bis SA and together with Pentascoop NV (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 notifications received under the Law of 2 May 2007. Any amendments communicated since 31 December 2020 have been published in accordance with the provisions of the above-mentioned law and can be consulted at www.kinepolis.com/corporate.

Shareholders' structure as per 31 December 2020

SHAREHOLDER	NUMBER OF SHARES	%
Kinohold BIS SA	12 700 050	46.41
Mr. Joost Bert	492 218	1.80
Kinepolis Group NV	480 851	1.76
Free Float, of which:	13 692 078	50.03
- BNP Paribas Asset Management SA	1 366 585	4.99
TOTAL	**27 365 197**	**100%**

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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

The Extraordinary General Meeting of 13 May 2020 made several amendments to the Articles of Association in order, among other things, to bring them into line with the BCAC introduced by the law of 23 March 2019, as well as introducing a new article regarding participation to the General Meeting by electronic means.

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 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

From 8 May 2019, the Board of Directors consists of eight members, seven of whom have a non-executive role, and four 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 sit as independent directors, the Company considered Ms. Debruyne, who has held her third consecutive mandate from 2019 and has not been nominated on the proposal of the reference shareholders, as a de facto independent director since January 1, 2020, as she met all the criteria listed in Article 7:87 §1 of the BCAC and the 2020 Code. The other independent directors also fulfil the above-mentioned 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, expectations and the risks to which the Company may be exposed, as well as its strategic objectives. The Board pays due attention in this regard to complementarity and diversity among its members, including gender and age diversity, while ensuring that a balance is maintained between renewal and continuity, in order to enable the acquired knowledge and history to be passed on efficiently, while still being able to stay on top of new social and other trends, both in the Board and its committees.

The chairmanship of the Board of Directors is held by Pentascoop NV [1], with Mr Joost Bert as its permanent representative who, after a career of 20 years as CEO of the Company, preferred to continue his role within the Company as Chairman of the Board of Directors in 2018. In view of his extensive knowledge and experience in the national and international cinema sector, Mr. Bert is the right person to assist Mr. Duquenne, in his role as CEO, with the necessary support and advice, among other things with regard to strategy development, as well as to support the Board of Directors in conducting a high-quality dialogue with the shareholders, including the reference shareholders, and to thereby further contribute to sustainable value creation for the Company, with a focus on the long-term interests of all stakeholders.

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 3.19 et seq. of the Belgian Corporate Governance Code 2020, the Board of Directors has not appointed a secretary, as it believes that, bearing in mind the limited size of the Company, these duties can be fulfilled by the Chairman, assisted by the Corporate Counsel.

The table on the next page gives an overview of the composition of the Board of Directors, as well as the attendance record of the various directors with regard to the 12 meetings that took place in 2020, of which 7 were scheduled and 5 were additional.

Joost Bert, Chairman of the Board of Directors

(1) Representing the reference shareholders

Board of Directors: from left to right Marion Debruyne, Ignace Van Doorselaere, Eddy Duquenne, Marleen Vaesen, Philip Ghekiere, Joost Bert, Sonja Rottiers and Geert Vanderstappen

Composition of the Board of Directors

NAME	POSITION	END DATE	OTHER POSITIONS AT LISTED COMPANIES	ATTENDANCE OF MEETINGS (12)
Mr. Joost Bert permanent representative of Pentascoop NV	Chairman	2024	/	All meetings
Mr. Philip Ghekiere [1]	Vice-Chairman	2024	/	All meetings
Mr. Eddy Duquenne [2]	Managing Director	2024	/	All meetings
Ms. Sonja Rottiers, permanent representative of SDL Advice BV	Independent director	2022	/	11 meetings
Ms. Marleen Vaesen, permanent representative of Mavac BV	Independent director	2022	Van de Velde NV: CEO	9 meetings
Mr. Ignace Van Doorselaere, permanent representative of 4F BV	Independent director	2021	/	10 meetings
Ms. Marion Debruyne, permanent representative of Marion Debruyne BV	Independent director	2021	Ackermans & van Haaren NV: Independent non-executive director	All meetings
Mr. Geert Vanderstappen, permanent representative of Pallanza Invest BV	Director	2022	Smartphoto Group NV: Non-executive director	All meetings

(1) Representing the reference shareholders
(2) Executive director

ACTIVITY REPORT OF THE BOARD OF DIRECTORS

In view of the Covid-19 pandemic and its impact on the Company, the agenda of the Board of Directors was adjusted accordingly and, in addition to the tasks assigned to the Board of Directors by the BCAC, the Articles of Association and the Charter, mainly the following issues were discussed:

- the impact of the Covid-19 pandemic on the Company and the cinema sector, and the measures taken to minimise it at most;
- the commercial and financial results, together with forecasts;
- the cash planning, taking different scenarios into account;
- the long and short-term financing;
- the long and short-term strategy and strategic projects;
- the 2021 budget plan and the 2022 'Entrepreneurship' plan;
- the ongoing cinema and Real Estate projects;
- the governance structure of the Company;
- the variable remuneration of the CEO and the related management objectives;
- the ICT policy, including the ICT security policy.

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

At least seven meetings are scheduled for the year 2021. 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 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, given their previous and/or current professional activities:

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

The CEO may attend the meetings of the Nomination and Remuneration Committee by invitation, without participating in the deliberations or decisions.

The Nomination and Remuneration Committee met twice in 2020, headed by its Chairman, and all members of the committee were present.

The following topics were primarily discussed during these meetings:

- the remuneration policy in the light of the new relevant regulations;
- the remuneration report for the 2019 period;
- the evaluation of the 2019 management objectives for the CEO, and the variable remuneration linked to these;
- the management objectives for the CEO in the 2020 period, as well as the related variable remuneration;
- the renewal of directorship mandates.

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 appropriate expertise with regard to accounting and auditing, and was 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 finance director at Smartphoto Group NV, and who is currently Managing Partner at Pentahold NV;
- 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 Van de Velde NV;
- 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 CEO and executive director of Lloyd's Insurance Company SA.

The CFO, the CEO, the Chairman of the Board of Directors, the Vice-Chairman and the internal auditor attend the meetings of the Audit Committee.

The representatives of the reference shareholders may attend the meetings by way of invitation.

In 2020, the Audit Committee, under the chairmanship of Mr. Geert Vanderstappen, met four times in the presence (or via representatives) of all members, and dealt mainly with the following items:

- discussion of the financial reporting in general, and of the annual statutory 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 and the internal audit plan 2021;
- discussion of the impact of Covid-19 on the financial reporting;
- 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 and monitoring of the Non-Audit Services regulations.

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 is the interaction with the Executive Management, with whom is communicated in the same transparent manner.

The results of the performance assessment carried out in 2019 by means of extensive questionnaires on the following topics were the subject of thorough discussion in 2020:

- 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 topics 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 the controlling shareholders.

DIVERSITY

The Board has three female members, accounting for 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 also pay 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 Kinepolis 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.

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 has the authority to appoint further members of the Executive Management, and discusses the succession plan for the CEO annually in an informal manner. Given the above-mentioned composition and the fact that no formal or informal executive committee has been set up within Kinepolis Group, no specific diversity policy applicable to the persons charged with day-to-day management has been developed, although the focus is 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.

Eddy Duquenne, Managing Director

Nicolas De Clercq, CFO and Compliance Officer

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 aforementioned persons, 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, as well as 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 appropriate way in which Kinepolis 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 by all employees of the Company at all times.

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

REMUNERATION REPORT

GENERAL PRINCIPLES

Pending the approval of the updated remuneration policy that is to be submitted to the shareholders at the General Meeting on 12 May 2021, the remuneration for the 2020 period was allocated to the Board of Directors and Executive Management based on the principles set out in the 2019 Annual Report, and more specifically:

- The overall remuneration for the Board of Directors is determined by the General Meeting on the proposal of the Board of Directors assisted by the Nomination and Remuneration Committee; the General Meeting of 13 May 2020 thereby set the remuneration at a maximum amount of € 918 414.

- The distribution of the global portfolio is decided by the Board of Directors on the proposal of the Nomination and Remuneration Committee, based on the following principles:
  - The non-executive directors receive a fixed amount of € 32 500 for the performance of their duties as members of the Board of Directors, taking into account at least 6 attendances at the meetings of the Board of Directors; in the event of attending fewer meetings, the remuneration is reduced proportionally;
  - The members of the committees are allocated a fixed amount of € 3 000 per attendance of a meeting of the committee, with an additional fixed fee of € 3 750 for the Chairman of the Audit Committee;
  - The Chairman and Vice-Chairman of the Board of Directors are allocated a fixed annual amount for participation in the meetings of the Board of Directors and the committees, amounting to € 568 164 and € 100 000 respectively;
  - The Chief Executive Officer is allocated a fixed annual amount of € 30 000 for participation in the meetings of the Board of Directors.

- The non-executive directors do not receive any bonuses or share-related long-term incentive programmes, nor any benefits in kind (with the exception of the right to attend a number of film screenings each year).

- The Board of Directors determines the remuneration of the Executive Management based on the proposal of the Nomination and Remuneration Committee, with due consideration for the relevant contractual stipulations and benchmark data from other comparable listed companies, in order to ensure that these remunerations are in line with market rates in relation to the tasks, responsibilities and management objectives to be fulfilled:

- As such, 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 (excluding any outperformance bonuses);
- The variable part of the remuneration is aimed at ensuring that the interests of Executive Management run parallel to those of the Company, that they lead to value creation, and provide the appropriate incentive to optimise the short-term and long-term objectives of the Group and its shareholders;
- The management targets to which the variable remuneration is linked are proposed annually by the Nomination and Remuneration Committee, and are approved by the Board of Directors. These targets consist of both quantitative and qualitative targets, with 30% of the variable remuneration being linked to the achievement of the qualitative targets, and 70% to the achievement of the quantitative targets. All the targets are formulated by the Board of Directors in such a way that they achieve not only the Group's short-term objectives, but also the long-term objectives;
- With respect to the quantitative objectives, the Board of Directors customarily used the evolution of the Adjusted EBITDA (formerly called 'recurring EBITDA') versus the targets set by the Board of Directors as performance criterion, as this criterion was the relevant parameter for measuring the development of value creation within the Company. If the Adjusted EBITDA realised for the relevant year 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;
- Due to the Covid-19 crisis, the formerly used financial objectives were reconsidered during 2020 and the manner the Company faces this crisis from an operational and financial point of view, was used as the parameter to evaluate the management;
- The qualitative objectives that must be realised over several years and are aimed at long-term value creation for the Company are evaluated annually on the basis of the progress achieved per specific objective and, for 2020, consisted of (1) the further development of the improvement potential of the MJR cinemas, (2) the optimisation of various management, analysis and reporting tools and the simplification of administrative processes, (3) the further implementation of the expansion strategy taking the Covid-19 impact into account, (4) the further development of the CSR strategy and (5) the adaptation of the Company to the consequences of the Covid-19 crisis.

- On the proposal of the Board of Directors, which is of the opinion that the quantitative and qualitative management objectives are set in such a way 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 periods of 2017 to 2020 included on objective and measurable performance indicators agreed in advance, and always measured over a period of one year.

REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration for the year 2020 was established on the basis of the above-mentioned principles.

In light of the Covid-19 crisis and the financial efforts made by the persons employed by the Group in this regard, all directors have however decided to reduce their remuneration for the year 2020 by 20% as shown in the table on the next page, and moreover the Chairman has decided to postpone the payment of part of his remuneration.

All members of the Board of Directors, as well as the directors of the subsidiaries of the Company, are insured via a 'civil liability of directors' policy', for which the total premium amounts to € 63 000, excluding taxes, and which is paid by the Company.

With the exception of the right to attend film screenings in the Kinepolis cinemas, the non-executive directors received no other remuneration, benefits, share-based or other incentive bonuses from the Company in the past period.

Remuneration of the Board of Directors

NAME	TITLE	2019 REMUNERATION (IN €)[1]	2020 REMUNERATION (IN €)[1]
Mr. Joost Bert, permanent representative of Pentascoop NV	Chairman	568 164	454 531[2]
Mr. Philip Ghekiere	Vice-Chairman	100 000	80 000
Mr. Eddy Duquenne	Managing Director	30 000	24 000
Ms. Sonja Rottiers, permanent representative of SDL Advice BV	Independent director	53 500	40 400
Ms. Marleen Vaesen, permanent representative of Mavac BV	Independent director	44 500	35 600
Mr. Ignace Van Doorselaere, permanent representative of 4F BV	Independent director	41 500	30 800
Ms. Marion Debruyne, permanent representative of Marion Debruyne BV	Independent director	32 500	26 000
Mr. Geert Vanderstappen, permanent representative of Pallanza Invest BV	Director	48 250	38 600
TOTAL		**918 414**[3]	**729 931**

(1) All amounts are gross amounts before tax.
(2) Of which, given the Covid-19 crisis, € 265 142 will not be paid until a later stage.
(3) 934 664 including the management remunerations paid to the board members whose mandate ended on 8 May 2019.

REMUNERATION OF THE CEO

The remuneration of the CEO was determined by the Board of Directors on the proposal of the Nomination and Remuneration Committee, taking into account the principles of the remuneration policy mentioned above.

Fixed remuneration

In view of the Covid-19 crisis and the financial and other efforts made by the persons employed by the Group in this regard, the CEO has decided to invoice only part of the fixed remuneration amounting to € 271 965 for the year 2020, and to postpone the payment of the remaining part amounting to € 453 277.

Variable remuneration

PERFORMANCE CRITERION	RELATIVE WEIGHTING	MEASURED PERFORMANCE
Quantitative objectives (development of Adjusted Ebitda)	70%	Above target
Qualitative objectives	30%	On target

In 2020, the Board of Directors, assisted by the Nomination and Remuneration Committee, evaluated the objectives to be achieved in the 2019 period and noted based on the consolidated results that, with respect to the quantitative objectives, the Adjusted EBITDA realised was well above the maximum targets set and also that the milestones set with respect to the qualitative objectives – which related to the further development of Landmark Cinemas Canada's improvement potential, 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 – had also been achieved, resulting in the allocation of a variable remuneration amounting to € 485 000 in 2019.

In view of the 'outperformance' regarding the quantitative objectives as well as the significant steps taken in the expansion strategy, it was also decided to grant an 'outperformance bonus' in the amount of € 48 500.

In light of the Covid-19 crisis, the CEO has postponed the payment of this variable remuneration related to the year 2019 to a later period.

Total remuneration

EDDY DUQUENNE BV	FIXED REMUNERATION		VARIABLE REMUNERATION IN THE SHORT TERM [2]	EXCEPTIONAL ITEMS	PENSION COST	TOTAL REMUNERATION	RATIO OF FIXED AND VARIABLE REMUNERATION
	BASIS	ADDITIONAL BENEFITS [1]					
2020	725 242 [3]	9 000	0	0	0	725 242	Fixed: 100% Variable: 0%

(1) Expense allowance.
(2) Concerns the variable remuneration as decided upon and paid out.
(3) Of which € 453 277 will be paid out later.

LONG-TERM INCENTIVES

On 11 May 2016, the General Meeting approved the 2016 Share Option Plan, under which 543 304 options (with a term up to 10 May 2024) on existing shares could be granted to the former Chairman of the Board of Directors, the Executive Management and eligible executives of the Company or its subsidiaries in order to enable the aforementioned persons to participate in the long-term shareholder value they will help create, thereby aligning their interests with the interests of the shareholders. By granting stock options, the Company aims to be able to attract, motivate and commit the best management talent to the Company in the long term.

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

The options are vested over a period of 5 years, and the vested options can be exercised at the earliest 4 years after being granted, and at the latest on 10 May 2024.
A more detailed description of the features of these options can be found in Note 20 to the Consolidated Financial Statements and on https://corporate.kinepolis.com/en/investor-relations/share-kinepolis/information-memorandum.

No additional options were granted to the persons listed below in 2020, nor were any options exercised by them.

Long-term incentives

BENEFICIARY	NUMBER OF OPTIONS GRANTED	NUMBER OF OPTIONS VESTED [1]
Eddy Duquenne	90 000	74 970
Joost Bert	45 000	37 485
Philip Ghekiere	45 000	37 485

(1) On the date of the Financial report.

Evolution of the remuneration and performance of the Company

	2016	2017	2018	2019	**2020**
Remuneration of directors	+5.59%	+6.53%	+89.73% [1]	+19.52%	-21.90%
Remuneration CEO Eddy Duquenne [2]	+18.19%	-11.66%	+19.74%	+1.08%	-36.74% [3]
Remuneration CEO Joost Bert [2]	-2.55%	-6.46%	-34.98% [4]	-100% [4]	/
Net profit	+47.72%	+2.98%	-3.38%	+14.69%	-227.11%
Adjusted EBITDA	+3.98%	+10.28%	+14.10%	+46.34%	-89.96%
Average remuneration of employees [5]	+19.2%	+12%	+5%	-14%	-29%

1) The increase is explained by the fact that a new Chairman was appointed as from 11 May 2018.
2) In this evolution we have considered the total remuneration where, as for the variable part, we have taken into account the amount which has been awarded and paid out for services provided in the prior year; the evolution does not include the remuneration as director.
3) This percentage takes into account that the variable remuneration awarded in 2020 for services provided in 2019, will only be paid out in 2021.
4) Mr. Bert has been CEO until 10 May 2018.
5) The evolution is based on the cost of labor of Kinepolis Group NV of all employees and of all natural and legal persons linked to the Company by a management agreement or similar agreement, and takes into account the fixed and variable remuneration, vacation pay, end-of-year pay, all extra-legal payments and employer contributions.

SEVERANCE PAYMENTS
No severance payments were made in 2020.

CLAW-BACK RIGHTS
There were no claw-back rights applied for any variable remuneration in 2020.

RATIO BETWEEN HIGHEST AND LOWEST REMUNERATION
The ratio between the highest and lowest remuneration within Kinepolis Group NV is factor 17. This includes all components of the remuneration and more exactly for the lowest remuneration the fixed remuneration, variable remuneration, vacation pay, end-of-year pay, all extra-legal payments and employer contributions.

SHAREHOLDER'S VOTE
In accordance with section 7:149, paragraph 3 of the BCAC, the Company has reflected on the votes cast by shareholders when determining the remuneration for the 2020 period, but considers the remuneration policy as applied in 2020 to be a balanced policy aimed at sustainable value creation for all stakeholders, and has therefore adopted the remuneration policy on the same lines for the following years.

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. Kinepolis Group makes use of the 'Integrated Framework for Enterprise Risk Management' in this regard 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.

Kinepolis Group uses this framework to implement a system of Risk Management or to control the above risks in the business processes and financial reporting. The system is developed centrally, and is uniformly applied as far as possible 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 Kinepolis 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 2009 and 2020 and the Kinepolis 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 system, while the Board of Directors has a supervisory role in this matter.

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 subordinates (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 evaluated on a regular basis and is therefore continually subject to change.

INTERNAL CONTROL ENVIRONMENT
An appropriate internal environment is a precondition for being able to effectively apply other risk-management components. With this in mind, Kinepolis Group highly values integrity and ethical action. In addition to the existing legal framework, Kinepolis 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. Kinepolis has a clear and uniform organisational structure, which matches the various countries and business processes. The organisational structure, the determination of the various objectives, the management of the budget and the remuneration process are also aligned to each other.

In addition, correct employee training and guidance is essential for 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. New managers also undergo introductory risk-management training 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 Company's risk appetite, 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 a 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, Kinepolis 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 using standard lists for the internal controls to be carried out.

The Board of Directors and Management of Kinepolis 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 Kinepolis 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 by law, the applicable governance provisions and the Charter, Kinepolis mainly relies on the following monitoring activities:

- Business Controlling: The Management, supported by the Business Controlling department, shall analyse the progress made towards meeting the objectives and 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.

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 2020 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 Kinepolis to distinguish important risks from less important risks in a well-founded way, it remains an estimation that, inherent in 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 Kinepolis is exposed.

AVAILABILITY AND QUALITY OF SUPPLIED CONTENT

Bearing in mind that Kinepolis 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. To the extent possible, Kinepolis Group endeavours to protect itself against this by maintaining or establishing good long-term relations with the major film distributors and producers or other content providers, by pursuing a policy of content diversification, and by playing a role as a distributor in Belgium. The investments in Tax Shelter projects in Belgium should also be viewed in this light.

SEASONAL EFFECTS

The operating revenue of Kinepolis Group can vary from period to period, as the producers and distributors decide when their movies 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. Kinepolis largely accepts this risk, considering that the costs of a financial hedging policy would exceed the revenue from it, but endeavours to mitigate the consequences, among other things, by varying its cost structure to a maximum degree.

COMPETITION

The position of Kinepolis Group as a cinema operator is subject to competition, just like every other product or service for which substitutes exist. This competition not only results from the presence of cinemas run by other operators in the markets in which the Group is active, and from the possible opening of new cinema complexes in those markets, but also from the increasing availability and sometimes even simultaneous or exclusive availability of films and series via online content media, such as Netflix, Apple and Disney+. This development, which accelerated in 2020, may be further influenced by the continuous technical improvement of the quality of these alternative ways of viewing a film. In addition to these legal alternatives, the cinema industry also has to deal with illegal downloads. Kinepolis is working actively together with distributors to agree measures to counter a possible increase in the illegal sharing of material online. Finally, the position of Kinepolis Group is impacted by increasing competition from other forms of leisure activities, such as concerts, sporting events, gaming, etc., that can have an influence on the behaviour of Kinepolis customers.

Kinepolis Group 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, content and film experience.

ECONOMIC SITUATION

Changes to the general, global or regional economic situations, or the economic situations in areas where Kinepolis Group is active and that can impact consumer behaviour and the production of new movies, can have a negative impact on the operating profits of Kinepolis Group. Kinepolis endeavours to arm itself against this threat by implementing decisive efficiency measures 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 Kinepolis 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 targets set. Kinepolis Group will thereby also thoroughly examine growth opportunities in advance to ensure these risks are properly assessed and, where necessary, managed.

POLITICAL, REGULATORY AND COMPETITIVE RISKS
Kinepolis Group strives to operate at all times within the legal framework. However, additional or amended legislation, including tax laws, could restrict Kinepolis's growth and/or operations, or result in additional investments or costs. Where possible, Kinepolis Group actively manages these risks by notifying the relevant political, administrative or legal bodies of its views and defending them in an appropriate way. Furthermore, the Belgian Competition Authority has imposed a number of conditions and restrictions on Kinepolis Group, such as the requirement of obtaining the prior approval of the Competition Authority 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 an optimal service to the customer. Kinepolis Group tries to manage these risks by closely following the latest technological developments, regularly analysing the systems architecture, securing its networks and optimising them where necessary, and by implementing ICT best practices.

PERSONNEL RISKS
As a service company, Kinepolis 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, which is magnified even more in the covid period. Kinepolis accepts this challenge by offering attractive terms of employment, good knowledge management and a pleasant working atmosphere. Kinepolis measures employee satisfaction on the basis of employee surveys and adapting its policies where necessary. Furthermore, Kinepolis also attaches great importance to the health of its employees, and endeavours to create a work environment that is as free of risks as possible. 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. In the context of the Covid-19 pandemic, Kinepolis also drew up the necessary protocols in which, in order to protect the health of the employees, working from home was the

guiding principle for the office employees, strict guidelines were issued for the employees active in the cinemas, and the necessary protective material was made available to every employee.

CUSTOMER RISKS
Customer experience is key at Kinepolis Group, which is why Kinepolis 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 Kinepolis 'customer journey'. In the first place, Kinepolis 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) and the prevention of feelings of insecurity through an adapted surveillance policy. In the context of the Covid-19 pandemic, extensive safety protocols were developed and implemented in consultation with the competent local authorities and sector federations, with the main pillars being:

- Managing the flow of visitors to, from and in the cinema.
- Maintaining appropriate social distancing throughout the entire cinema visit.
- Strict safety and hygiene measures in all areas and in all interactions with staff.
- Providing maximum information to customers about all necessary and useful safety measures.

Measures were also taken to adjust the ventilation systems to ensure a maximum supply of outside air in all the rooms.

Measures in response to the Covid-19 pandemic

In addition, in line with its best marketer strategy, Kinepolis 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 Company's privacy policy 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, Kinepolis 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 above-mentioned 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 or more countries where Kinepolis 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. Kinepolis strives to minimise the potential impact of such risks as far as possible through a combination of preventive measures (such as structural engineering decisions, evacuation planning) and detection measures (such as fire detection systems) by taking out adequate insurance, and through a strong focus on cost management.

ENVIRONMENTAL LIABILITY AND PROPERTY RISKS

Given the fact that Kinepolis Group owns and leases real estate, the latter 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, Kinepolis will take appropriate measures to prevent environmental damage and limit property risks.

OTHER RISKS

Following the annulment by the 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 Kinepolis Group by the BMA in 1997, the BMA lifted the condition prohibiting organic growth without prior consent on 11 February 2020, 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.

FINANCIAL RISKS AND USE OF FINANCIAL INSTRUMENTS

The Kinepolis Group is exposed to a number of financial risks in its daily operations, such as interest risk, currency risk, credit risk and liquidity risk.

Derivative financial products concluded with third parties can be used to manage these financial risks. The use of derivative financial products is subject to strict internal controls and regulations. It is Group policy not to undertake any trading positions in derivative financial instruments for speculative purposes.

Kinepolis manages its debts by combining short-, medium- and long-term borrowings. The mix of debts with fixed and floating interest rates is established at Group level. At the end of December 2020, net financial debt of the Group was € 513.3 million, excluding lease liabilities. In order to hedge the interest risk on a fixed-term loan of € 11.8 million, Interest Rate Swaps were entered into for the same amount.

The Notes to the Consolidated Financial Statements provide a detailed description of how the Group manages the above-mentioned risks.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The company complies with the principles of the 2020 Code.

In line with the 'comply or explain principle', the Company has decided that it was in the best interests of the Company and its shareholders to deviate from the stipulations of the Code in a limited number of specific cases in addition to the circumstances described above:

- Provision 4.6. of the Code: the professional qualifications and duties of the directors to be re-appointed were not stipulated in the convening notices to the General Shareholders' Meeting of 13 May 2020, given that these qualifications were already published in several press releases and annual reports.

- Provision 7.6. of the Code: the non-executive directors will not be partly remunerated in shares, as the Company considers that sustainable value creation is an essential pillar of the Kinepolis strategy that is subscribed to by all directors, whether they are shareholders or not.

- Provision 7.9. of the Code: no minimum threshold has been set for shares to be held by the Executive Management, as the remuneration package for the Executive Management is already sufficiently geared towards sustainable value creation.

Other information

RESEARCH AND DEVELOPMENT

In the year under review, Kinepolis developed a number of new concepts for the benefit of the operating entities within the framework of the three strategic pillars. In this regard, Kinepolis strives to constantly adapt the experience it provides to the changing demographic trends, and to be innovative with regard to picture, sound and other factors in order to improve the customer experience and protect the profitability of the Group.

Kinepolis continued to invest in the innovation of its food, online and product concepts in 2020.

POLICY WITH REGARD TO CONFLICTS OF INTERESTS

On 24 March 2020, the following decisions were taken by the Board of Directors, pursuant to Article 7:96 of the BCAC:

- the evaluation of the CEO's 2019 management objectives;
- the award to the CEO of the resulting variable remuneration and outperformance bonus, in the total amount of € 533 500;
- the establishment of the management objectives for the 2020 period.

The relevant excerpts from the minutes were included in the Report on the Statutory Financial Statements.

PROFIT APPROPRIATION AND DIVIDEND PAYMENT

In its proposal to the General Shareholders' Meeting regarding the allocation and distribution of the result, various factors were taken into consideration by the Board of Directors, including the financial situation of the Company, the operating profits, the current and expected cash flows and the plans for expansion.

In view of the impact of the Covid-19 pandemic on business operations and the impact on the financial results, the Board of Directors proposes to the General Meeting not to distribute a dividend.

ScreenX theatre

Innovative experiences

4DX screening

Ticket displays

Statement with regard to the information incorporated in the annual report

The undersigned certifies that, to his knowledge:

- The financial statements, which have been prepared in accordance with the applicable standards, give a true and fair view of the equity, financial position and performance of the Company and the entities included in the consolidation as a whole;

- The report of the Board of Directors gives a fair view of the development and performance of the business and the position of the Company and the entities included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

24 March 2021

Eddy Duquenne
CEO Kinepolis Group

MX4D, Kinepolis Utrecht (NL)

Financial Report

Consolidated income statement

at 31 December

IN '000 €	NOTE	2019	**2020**
Revenue	*3*	551 482	176 282
Cost of sales	*6*	-393 886	-219 639
Gross result		**157 596**	**-43 357**
Marketing and selling expenses	*6*	-27 886	-17 314
Administrative expenses	*6*	-30 306	-20 234
Other operating income	*4*	2 441	15 536
Other operating expenses	*4*	-808	-294
Operating result		**101 037**	**-65 663**
Financial income	*7*	941	1 552
Financial expenses	*7*	-24 667	-27 604
Result before tax		**77 311**	**-91 715**
Income tax expenses	*8*	-22 939	22 604
RESULT FOR THE PERIOD		**54 372**	**-69 111**
Attributable to:			
Owners of the Company		54 352	-68 879
Non-controlling interests		20	-232
RESULT FOR THE PERIOD		**54 372**	**-69 111**
Basic result per share (€)	*19*	**2.02**	**-2.56**
Diluted result per share (€)	*19*	**2.01**	**-2.54**

Consolidated statement of profit or loss and other comprehensive income

at 31 December

IN '000 €	NOTE	2019	**2020**
Result for the period		54 372	-69 111
Realised results		54 372	-69 111
Items to be reclassified to profit or loss if specific conditions are met in the future:			
Translation differences on intra-group non-current borrowings in foreign currencies	*18*	1 380	-10 890
Translation differences of annual accounts in foreign currencies	*18*	2 249	-8 250
Cash flow hedges – effective portion of changes in fair value	*25*	42	82
Income taxes relating to the components of other comprehensive income to be reclassified to profit or loss in subsequent periods	*13*	110	2 395
		3 781	-16 664
Items that will not be reclassified to profit or loss:			
Changes to estimates of defined benefit plans	*5*	-516	96
Income taxes relating to the components of other comprehensive income not to be reclassified to profit or loss in subsequent periods	*13*		-24
		-516	72
Other comprehensive income for the period, net of income taxes		3 265	-16 592
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		57 637	-85 703
Attributable to:			
Owners of the Company		57 570	-85 426
Non-controlling interests		67	-277
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**57 637**	**-85 703**

THE NOTES ON P. 44-115 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

Consolidated statement of financial position

at 31 December

ASSETS

IN '000 €	NOTE	2019	**2020**
Intangible assets	9	12 987	11 673
Goodwill	10	169 374	163 148
Property, plant and equipment	11	542 324	521 136
Right-of-use assets	26	397 212	362 481
Investment property	12	16 881	17 557
Deferred tax assets	13	1 227	14 778
Other receivables	15	9 011	6 321
Other financial assets		27	27
Non-current assets		1 149 043	1 097 121
Inventories	14	5 851	3 865
Trade and other receivables	15	53 385	26 756
Current tax assets	24	1 303	7 431
Cash and cash equivalents	16	72 473	33 007
Assets classified as held for sale	17	1 767	
Current assets		134 779	71 059
TOTAL ASSETS		**1 283 822**	**1 168 180**

EQUITY AND LIABILITIES

IN '000 €	NOTE	2019	**2020**
Share capital	18	18 952	18 952
Share premium	18	1 154	1 154
Consolidated reserves		191 448	123 640
Translation reserve	18	-582	-17 254
Total equity attributable to the owners of the Company		210 972	126 492
Non-controlling interests	18	281	4
Total equity		211 253	126 496
Loans and borrowings	21	479 513	469 882
Lease liabilities	26	383 052	358 317
Provisions for employee benefits	5	1 036	998
Provisions	22	2 284	2 021
Deferred tax liabilities	13	20 408	13 107
Derivative financial instruments	25	169	87
Other payables	23	6 939	6 356
Non-current liabilities		893 401	850 768
Bank overdrafts	16	115	112
Loans and borrowings	21	10 099	76 599
Lease liabilities	26	33 091	35 295
Trade and other payables	23	132 740	78 335
Provisions	22	549	269
Current tax liabilities	24	2 574	306
Current liabilities		179 168	190 916
TOTAL EQUITY AND LIABILITIES		**1 283 822**	**1 168 180**

Consolidated statement of cash flow

at 31 December

IN '000 €	NOTE	2019	**2020**
Result before tax		77 311	-91 715
Adjustment for:			
Depreciations and amortisations	*6*	70 734	80 442
Provisions and impairments	*15, 22*	568	2 282
Government grants	*4*	-750	-950
(Gains) Losses on sale of property, plant and equipment	*4*	-1 169	-25
Change in fair value of derivative financial instruments and unrealised foreign exchange results	*25*	46	48
Unwinding of non-current receivables and provisions	*7, 22*	-335	-259
Share-based payments	*5*	723	469
Amortisation of refinancing transaction costs	*7*	418	513
Interest expenses and income	*7*	20 321	24 917
Forgiveness of lessee's lease payments	*4, 26*		-7 540
Change in inventories		-227	2 148
Change in trade and other receivables		-9 999	25 868
Change in trade and other payables		19 002	-52 364
Cash flow from operating activities		176 642	-16 166
Income taxes paid		-25 718	-4 074
Net cash flow - used in / + from operating activities		150 924	-20 240
Acquisition of intangible assets	*9*	-2 637	-1 848
Acquisition of property, plant and equipment and investment property	*11, 12*	-60 067	-43 372
Advance lease payments	*26*	-3 519	-40
Acquisition of subsidiaries, net of acquired cash	*10*	-173 930	-87
Proceeds from sales of investment property, intangible assets and property, plant and equipment	*9, 11*	5 942	995
Net cash flow used in investing activities		-234 211	-44 352
Investment contributions	*21, 26*	3 388	3 340
Payment of lease liabilities incl. forgiveness of lessee's lease payments	*21, 26*	-20 918	-9 244
Proceeds from loans and borrowings	*21, 25*	225 000	66 500
Repayment of loans and borrowings	*21, 25*	-69 221	-10 099
Payment of transaction costs with regard to refinancing obligations	*21, 25*	-1 663	-45
Interest paid	*7, 21*	-12 941	-14 501
Interest received	*7, 21*	59	5
Paid interest related to lease liabilities	*21, 26*	-9 387	-10 248
Sale of treasury shares	*18, 21, 25*		478
Dividends paid	*18*	-24 723	
Net cash flow - used in / + from financing activities		89 594	26 186
+ INCREASE / - DECREASE IN CASH AND CASH EQUIVALENTS		**6 307**	**-38 406**
Cash and cash equivalents at beginning of the period	*16*	65 345	72 358
Cash and cash equivalents at end of the period	*16*	72 358	32 895
Effect of exchange rate fluctuations on cash and cash equivalents		706	-1 057
+ INCREASE / - DECREASE IN CASH AND CASH EQUIVALENTS		**6 307**	**-38 406**

THE NOTES ON P. 44-115 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

Consolidated statement of changes in equity

at 31 December

IN '000 €	2020							
	ATTRIBUTABLE TO OWNERS OF THE COMPANY						NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL AND SHARE PREMIUM	TRANSLATION RESERVE	HEDGING RESERVE	TREASURY SHARES RESERVE	SHARE-BASED PAYMENTS RESERVE	RETAINED EARNINGS		
AT 31 DECEMBER 2019	**20 106**	**-582**	**206**	**-22 830**	**3 088**	**210 985**	**281**	**211 253**
Result for the period						-68 879	-232	-69 111
Realised results						**-68 879**	**-232**	**-69 111**
Items to be reclassified to profit or loss if specific conditions are met in the future:								
Translation differences [1]		-19 095					-45	-19 140
Cash flow hedges – effective portion of changes in fair value			82					82
Income taxes relating to the components of other comprehensive income to be reclassified to profit or loss in subsequent periods [2]		2 423	-28					2 395
		-16 672	**54**				**-45**	**-16 664**
Items that will not be reclassified to profit or loss:								
Changes to estimates of defined benefit plans [3]						96		96
Income taxes relating to the components of other comprehensive income not to be reclassified to profit or loss in subsequent periods [2]						-24		-24
						72		**72**
Other comprehensive income for the period, net of income taxes		**-16 672**	**54**			**72**	**-45**	**-16 592**
Total comprehensive income for the period		**-16 672**	**54**			**-68 807**	**-277**	**-85 703**
Sale of treasury shares [4]				220		258		478
Share-based payments [4]					357	112		469
Total transactions with owners, recorded directly in equity				**220**	**357**	**370**		**947**
AT 31 DECEMBER 2020	**20 106**	**-17 254**	**260**	**-22 610**	**3 445**	**142 548**	**4**	**126 496**

(1) For more information, we refer to note 18.
(2) For more information, we refer to note 13.
(3) For more information, we refer to note 5.
(4) For more information, we refer to note 20.

IN '000 €	2019							
	ATTRIBUTABLE TO OWNERS OF THE COMPANY						NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL AND SHARE PREMIUM	TRANSLATION RESERVE	HEDGING RESERVE	TREASURY SHARES RESERVE	SHARE-BASED PAYMENTS RESERVE	RETAINED EARNINGS		
AT 31 DECEMBER 2018	**20 106**	**-4 164**	**54**	**-22 830**	**2 365**	**181 872**	**214**	**177 617**
Result for the period						54 352	20	54 372
Realised results						54 352	20	54 372
Items to be reclassified to profit or loss if specific conditions are met in the future:								
Translation differences		3 582					47	3 629
Cash flow hedges – effective portion of changes in fair value			42					42
Income taxes relating to the components of other comprehensive income to be reclassified to profit or loss in subsequent periods			110					110
		3 582	152				47	3 781
Items that will not be reclassified to profit or loss:								
Changes to estimates of defined benefit plans [1]						-516		-516
						-516		-516
Other comprehensive income for the period, net of income taxes		3 582	152			-516	47	3 265
Total comprehensive income for the period		3 582	152			53 836	67	57 637
Dividends to the shareholders						-24 723		-24 723
Share-based payments [2]					723			723
Total transactions with owners, recorded directly in equity					723	-24 723		-24 000
AT 31 DECEMBER 2019	**20 106**	**-582**	**206**	**-22 830**	**3 088**	**210 985**	**281**	**211 253**

(1) For more information, we refer to note 5.
(2) For more information, we refer to note 20.

THE NOTES ON P. 44-115 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

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Kinepolis Ghent (BE)

1. Significant accounting policies

Kinepolis Group NV (the 'Company') is a company established in Belgium. The consolidated financial statements of the Company for the year ending 31 December 2020 include the Company and its subsidiaries (together referred to as the 'Group'). These consolidated financial statements were approved for publication by the Board of Directors on 24 March 2021.

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB) and adopted by the European Union until 31 December 2020.

GOING CONCERN PRINCIPLE

As described in the Corporate Governance chapter, the business risks associated with the activities of Kinepolis include the availability and quality of the content supplied, seasonal effects, competition and risks associated with exceptional circumstances.

As a result of the worldwide outbreak of the Corona virus, Kinepolis was forced to close all of its cinemas as of mid-March 2020. There have been alternate periods of closing and opening of the cinemas during the year, often with restrictions, with these varying from country to country. Due to the closure of almost all locations, a large part of the revenue was lost for a period of several months. This has a serious impact on the Group's financial results in 2020.

In order to limit the consequences of the Covid-19 pandemic, the Group has taken the necessary measures to manage the health and safety risks of its customers and employees, to limit the negative financial impact of the business closures, and to safeguard its liquidity. The strategy and nature of the Company, characterised by a maximum variability of costs, a solid real estate position, with a large proportion of cinema real estate being owned, a decentralised organisation and a 'facts-and-figures' driven corporate culture help Kinepolis Group to manage this crisis optimally.

In the short term, Kinepolis is dependent on the availability and timing of content. Most of the blockbusters, with which the Group achieves 80% of its visitors in 'normal' circumstances, were delayed by the Hollywood film studios, given the importance of the cinemas in the overall profitability of a film.

The willingness of customers to go to the cinema remains high. In periods of reopening, or in countries that are already further advanced in their vaccinations and/or reopening of the cinemas, we clearly see a strong revival in customer demand. With customer satisfaction during the reopening period above 85%, the 'Net Promotor Score' for Kinepolis as a 'brand' is clearly higher than before the crisis. Customer research in various countries shows that consumer demand remains intact, and that the intention to visit the cinema definitely is there and will remain. For more detailed information in this regard we refer to note 10.

At the start of the crisis, Kinepolis had a strong balance sheet, sufficient financial reserves and credit lines, which allowed the Company to close for more than a year. The free cash flow, excluding working capital impact, was limited to € -32.1 million in 2020. In order to be prepared for possible longer delays before the full resumption of its activities, Kinepolis has taken out an additional loan of € 80.0 million with its main bankers for a period of 3 years. In this context, the banks also extended the suspension of the credit covenants ('covenant holiday') until 30 June 2022. A suspension until 30 June 2021 had already been obtained in 2020.

Kinepolis Group had € 171.0 million in liquidity at the start of 2021, consisting of cash and cash equivalents and available credit lines, including the new € 80.0 million credit concluded at the beginning of January 2021. Strong cost management, supported by the Group's significant real estate position, meant that Kinepolis succeeded in limiting the free cash flow, excluding the working capital effect, to an average of € -3.6 million per month in the second half of the year.

Thanks to the measures taken, Kinepolis therefore has sufficient liquidity to deal with this crisis. Kinepolis has pursued a prudent financial policy in recent years. This has resulted in an average term of more than 4,5 years for the outstanding financial liabilities. The first major repayment of its bonds will not take place until the end of January 2022 (€ 61.4 million). For more information we refer to notes 21, 25 and 31.

Based on the availability of content in the coming years, customer demand, financial reserves, the limited negative cash flow in closed conditions and the availability of various vaccines and vaccination strategies in the various countries, Kinepolis currently sees no reason to expect that the business model will be affected over the longer term. The Group currently considers the impact of the Covid-19 pandemic to be a short-term impact that does not change the underlying parameters of its business model, which is why the Company adopted a going-concern principle in preparing this annual report.

BASIS OF PREPARATION

The consolidated financial statements are presented in Euro, rounded to the nearest thousand. In certain cases, rounding up or down can lead to a non-material deviation of the total amount.

The consolidated financial statements were drawn up on a historical cost basis, with the exception of the following assets and liabilities, which are recorded at fair value:

derivative financial instruments, contingent considerations and financial assets measured at fair value through other comprehensive income. In accordance with IFRS 5, assets classified as held for sale are measured at the lower of their carrying amount and fair value, less costs to sell.

The accounting policies have been applied consistently across the Group. They are consistent with those applied in the previous financial period, except for the following.

A number of new standards, which were applied as of 1 January 2020 became applicable to the consolidated financial statements. These have given rise to limited changes in the accounting policies of the Group, but have no material impact on the consolidated financial statements, except for the impact of the amendment to IFRS 16 (Covid-19 Related Rent Concessions).

The preparation of the financial statements under IFRS requires management to make judgements, estimates and assumptions that influence the application of the policies and the reported amounts of assets and liabilities, income and expenses.

The estimates and related assumptions are based on past experience and on various other factors that are considered reasonable in the given circumstances. The outcomes of these form the basis for the judgement as to the carrying amount of assets and liabilities when this is not evident from other sources.

Actual results can differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of estimates are recognised in the period in which the estimates are revised if the revision affects only this period, or in the revision period and future periods if the revision affects both the reporting period and future periods.

Judgements, estimates and assumptions are made, among other things, when:

- Determining the useful life of intangible assets and property, plant and equipment (see the related accounting policies);
- Assessing the necessity of and estimating impairment losses on intangible assets, goodwill, property, plant and equipment, right-of-use assets and investment property;
- Recording and calculating provisions;
- Assessing the degree to which losses carried forward will be used in the future;
- Determining the fair value of the contingent considerations within the framework of business combinations (see notes 10 and 25);
- Determining whether a lease meets the requirements of IFRS 16;
- Determining the term of the leases under IFRS 16.

The estimates and assumptions with a significant probability of causing a material adjustment to the value of the assets and liabilities during the next financial period are stated below.

IMPAIRMENT TESTS FOR INTANGIBLE ASSETS, GOODWILL, PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTY

The recoverable amount of the cash-generating units is defined as the higher of their value in use or their fair value less costs to sell. These calculations require the use of estimates and assumptions with regard to, among other things, discount rates and exchange rates, future investments and expected operating performance. We refer to note 10 for the relevant assumptions.

PROVISIONS

The estimates and judgements that most impact the amount of the provisions are the estimated costs and the expected likelihood and timing of the cash outflows. They are based on the most recent available information at balance sheet date. We refer to note 22 for the relevant assumptions.

RECOVERABILITY OF DEFERRED TAX ASSETS

Deferred tax assets for unused tax losses will only be recognised if future taxable profits will be available to be able to recover these losses (based on budgets and estimates). The budgets and estimates are further expanded to future expected taxable profits in order to analyse the recoverability of the losses and credits.

The actual tax result may differ from the assumption made when the deferred tax was recorded. For more information we refer to note 13.

LEASES (IFRS 16): DETERMINING WHETHER A LEASE MEETS THE REQUIREMENTS AND DETERMINING THE TERM OF A LEASE

A contract is classified as a lease if it includes the right to control the use of an identified asset for a specified period of time in exchange for a consideration. When determining the term of a lease, the Group took into account any possible extension options and whether or not to exercise an early termination option. This is assessed for each contract separately. As a general principle in making this assessment for the key lease assets, lease agreements for land and buildings (cinema complexes), Kinepolis Group has considered that a term between 15 and 20 years reflects the entity's reasonable expectation of the period during which the underlying asset will be used. The same term is also used in our valuation and impairment models to determine future cash flows. Moreover, the lease term is considered reasonably certain in view of the useful life of the leasehold improvements and the investments made. For more information we refer to note 26.

Other assumptions and estimates will be discussed in the respective notes where they are used.

BASIS OF CONSOLIDATION

BUSINESS COMBINATIONS

A business combination is defined as a transaction or other event in which the Group obtains control of one or more businesses. The Group shall determine whether a transaction or other event is a business combination by applying the definition, which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired are not a business, the reporting entity shall account for the transaction or other event as an asset acquisition.

A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. A business generally consists of inputs, processes applied to those inputs and the ability to contribute to the creation of outputs. To determine whether an acquired set of activities and assets is a business or not, the Group may use a concentration test. This is a simplified assessment that will result in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If the Group does not apply the concentration test, or the test is failed, then the assessment focuses on the existence of substantive processes.

Business combinations are accounted for using the acquisition method on the date when control is transferred to the Group (see Basis of Consolidation – Subsidiaries). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see Intangible assets – Goodwill). Any gain on an advantageous purchase is immediately recognised in profit or loss. Transaction costs are expensed as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay a contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the income statement.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), and if they relate to services provided in the past, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. The determination is based on the market value of the replacement awards compared with the market value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

SUBSIDIARIES

Subsidiaries are those entities over which the Company exercises control. Control means that the Company is exposed to, or has rights to variable returns from its involvement in the entity, and has the ability to affect these returns through its power over the entity.

The financial statements of subsidiaries are recognised in the consolidated financial statements from the date that control commences, until the date that control ceases.

Losses realised by subsidiaries with non-controlling interests are proportionally allocated to the non-controlling interests in these subsidiaries, even if this means that the non-controlling interests display a negative balance.

If the Group no longer has control over a subsidiary, all assets and liabilities of the subsidiary, any non-controlling interests and other equity components with regard to the subsidiary are derecognised. As a result of the loss of control, certain components are recorded in the income statement. Any remaining interest in the former subsidiary will be recognised at fair value on the date of the loss of control, after which it will be recognised as an associated company or as a financial asset measured at fair value, depending on the level of control retained.

EQUITY ACCOUNTED INVESTEES

Equity accounted investees are entities over which the Group exercises significant influence over the financial and operating policies, but has no control or joint control. Significant influence is deemed to exist when the Group holds between 20 and 50 percent of the voting rights of another entity. Participating interests in equity accounted investees are recorded using the equity method, and are initially recognised at cost. The transaction costs are included in the cost price of the investment.

The consolidated financial statements include the Group's share in the comprehensive income of the investments, which is recorded following the equity method, from the start to the end date of this significant influence. Whenever the Group's share in the losses exceeds the carrying amount of the investments in equity accounted investees, the carrying amount is reduced to zero and future losses are no longer recognised, except to the extent that the Group has an obligation on behalf of the investees. When there are impairment indicators, the accounting policy concerning impairment losses is applied.

ACQUISITION OF NON-CONTROLLING INTERESTS

The acquisition of non-controlling interests in a subsidiary does not lead to the recognition of goodwill, because this is deemed to be a shareholders transaction and is recognised directly in equity. The non-controlling interests are adjusted on the basis of the proportional part in the equity of the subsidiary.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intercompany balances and transactions, along with any unrealised gains and losses on transactions within the Group or gains or losses from such transactions, are eliminated in the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated proportionally to the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only where there is no indication of impairment.

FOREIGN CURRENCY

TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are translated to the relevant functional currency of the Group entities at the exchange rate on the transaction date. Monetary assets and liabilities expressed on the balance sheet date in foreign currencies are translated to Euro at the exchange rate on the balance sheet date. Non-monetary assets and liabilities expressed in foreign currency are translated at the exchange rate on the transaction date.
Non-monetary assets and liabilities in foreign currencies measured at fair value are translated to Euro at the exchange rates on the date on which the fair value was determined. Exchange rate differences that arise in the translation are immediately recognised in the income statement, with the exception of:

- Exchange rate differences arising from the translation of the net investment in foreign operations, and from loans and other currency instruments intended as hedges of such investments, included in other comprehensive income;
- Qualifying cash flow hedges to the extent that the hedges are effective.

Advance payments in foreign currencies are translated at the exchange rate on the transaction date specified in IFRIC 22. The transaction date, as a basis for determining the exchange rate, is set on the initial date on which the non-monetary assets and liabilities are recognised. If multiple advance payments are applicable, a transaction date is determined for each advance payment.

FINANCIAL STATEMENTS IN FOREIGN CURRENCIES

Assets and liabilities relating to foreign operations, including goodwill and fair value adjustments on acquisition, are translated to Euro at the exchange rate on the balance sheet date. Income and expenses of foreign entities are translated to Euro at exchange rates approaching the exchange rates prevailing on the transaction dates.

The exchange differences arising from the translation are recognised directly in equity, under translation reserve.

If the settlement of monetary receivables from, or payables to foreign entities is neither planned nor likely in the foreseeable future, exchange rate gains and losses on these monetary items are deemed to be part of the net investment in these foreign entities, and are recognised in other comprehensive income, under the translation differences. Translation differences that arise from the revaluation of non-current loans from foreign subsidiaries with a different functional currency are also included in other comprehensive income in equity, as they form part of a net investment hedge of the participating interests in the same subsidiaries. The potential repayments of these loans are not considered to be a realisation of the net investment. Consequently, no reclassification to the income statement takes place.

FINANCIAL INSTRUMENTS

Issued loans, receivables and deposits, issued debt instruments and loans received are initially recognised by the Group on the date they originated. All other financial assets and liabilities are initially recognised on the transaction date. The transaction date is the date on which the contractual terms of the instrument become binding for the Group.

IFRS 9 has three classifications for financial assets: measured at amortised cost, measured at fair value through other comprehensive income and measured at fair value through profit or loss. This classification is based on the 'business model' in which the financial assets are managed, and on the contractual cash flows that result from these financial assets. The business model used to manage the financial assets determines whether the cash flow results from:

- A contractual cash flow;
- A sale of financial assets; or
- A combination of both.

This contractual cash flow may relate to payments of the principal amount (capital) and interest on the outstanding amount.

NON-DERIVATIVE FINANCIAL INSTRUMENTS
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value plus (or minus for loans and borrowings), for instruments not measured at fair value with changes in value recognised through profit or loss, any directly attributable transaction costs. After the initial recognition, non-derivative financial instruments are measured as described below.

Financial assets measured at amortised cost
Financial assets are measured at amortised cost when the business model aims to hold the financial assets to obtain the contractual cash flows.

The contractual cash flows consist of the repayment of the principal amount (capital) and interest on the outstanding amount and on specific dates.

After the initial recognition, these financial assets are measured at amortised cost using the effective interest method, less impairment losses, if any.

Significant financial assets measured at amortised cost are individually tested for impairment. The other financial assets measured at amortised cost are classified in groups with comparable credit risk characteristics, and are assessed collectively. When assessing whether there is a collective impairment, the Group uses historical trends with regard to the likelihood that payment obligations will not be fulfilled, the time period within which collection occurs, and the level of the losses incurred. The outcomes are adjusted if management judges that the current economic and credit circumstances are such that it is likely that the actual losses will be higher or lower than the historical trends imply.

An impairment loss is determined as the difference between the carrying amount and the present value of the expected future cash flows, discounted at the original effective interest rate of the asset. Current receivables are not discounted. Impairment losses are recognised in the income statement. If an event leads to a reduction of the impairment, this reduction is reversed through profit or loss.

Financial assets measured at amortised cost include cash and cash equivalents, which are cash and deposits with a residual maturity of less than three months and where the risk of changes in fair value is negligible. Bank overdrafts, which are an integral part of the Group's cash management, are viewed as part of cash and cash equivalents in the presentation of the statement of cash flow.

Financial assets measured at fair value through other comprehensive income
Financial assets are measured at fair value, with the recognition of changes in value through other comprehensive income when the business model aims to both hold the financial assets to obtain the contractual cash flows and to sell the financial assets. The contractual cash flows consist of the repayment of the principal amount (capital) and interest on the outstanding amount.

In addition, the Group can make the irrevocable choice to measure equity instruments that are measured at fair value through profit or loss at fair value through other comprehensive income. This choice is irrevocable and is only allowed in order to eliminate or limit an inconsistency in the measurement on initial recognition.

These financial assets measured at fair value through other comprehensive income are measured at fair value after initial recognition. Gains and losses resulting from the change in fair value of a participating interest that is classified as a financial asset measured at fair value through other comprehensive income are recognised directly via equity. When the participating interest is sold, disposed or otherwise disposed of, the profit or loss accumulated at that point, which was previously included in equity, will not be transferred to profit or loss. When repayments are made on the financial assets, or when the carrying amount of the participating interest is written off due to an impairment, the profit or loss accumulated at that point, which was previously included in equity, will not be transferred to profit or loss, but to retained earnings.

Impairment losses on financial assets recognised at fair value through other comprehensive income are only recognised for debt instruments. In accordance with IFRS 9, there are no impairment losses for equity instruments.

The impairment losses on debt instruments are recognised by transferring the accumulated loss in the fair value reserve in equity to profit or loss. The amount of the cumulative loss transferred from equity to profit or loss is equal to the difference between the acquisition price, less any repayment of the principal amount, and the actual fair value, less any impairment loss that has already been recognised in profit or loss.

If in a subsequent period the fair value of a financial asset measured at fair value through other comprehensive income increases, the recovered amount is recognised in other comprehensive income.

Financial assets measured at fair value through other comprehensive income include investments in equity securities, i.e. participating interests in companies over which the Group has no control or significant influence.

Financial assets measured at fair value through profit or loss

Financial assets are measured at fair value through profit or loss if the conditions of the above categories are not met, or if the Group irrevocably chooses debt instruments that are measured at fair value through other comprehensive income to be measured at fair value through profit or loss account. This choice is irrevocable, and is only allowed in order to eliminate or limit an inconsistency in the valuation on initial recognition.

After initial recognition, these financial assets are measured at fair value with fair value changes through profit or loss.

Financial liabilities

Financial liabilities can be classified as financial liabilities at amortised cost or as financial liabilities at fair value with the recognition of changes in value through profit or loss.

After initial recognition, the first category is measured at amortised cost using the effective interest method, including any interest expense, while the second is measured at fair value with fair value changes through profit or loss.

Expected credit losses

Impairment losses on financial assets are determined as follows:

- The 12-month expected credit losses: these are expected credit losses that result from possible default events that take place within 12 months after the end of the reporting date.
- Expected credit losses over the full life cycle: these are expected credit losses that result from possible default events over the expected life of a financial instrument.

The determination on the basis of expected credit losses over the full life cycle always applies to trade receivables without a significant financing component.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets

The Group derecognises a financial asset when (i) the contractual rights to the cash flows arising from the financial asset expire, (ii) it transfers the rights to the cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or (iii) in a transaction in which the Group neither transfers nor retains the risks and benefits, but no longer retains control of the financial asset.

When the Group enters into a transaction in which it transfers financial assets that are included in the balance sheet, but retains substantially all risks and benefits of the transferred assets, the transferred assets remain recognised in the balance sheet.

Financial liabilities

The Group derecognises a financial liability when the contractual obligations are terminated or expired. The Group also derecognises a financial liability if the conditions are changed and the cash flows of the changed financial liability are significantly different, in which case a new financial liability is recognised at fair value based on the changed conditions.

When a financial liability is derecognised, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the income statement.

OFFSETTING

The financial assets and financial liabilities are offset and the net amount is recognised in the consolidated balance sheet if, and only if, the Group has a legally enforceable right to offset the amounts and it intends to settle the financial instruments on a net basis or to realise the financial asset and settle the financial liability simultaneously.

SHARE CAPITAL

Ordinary shares are classified as equity. Additional costs that are directly attributable to the issuance of ordinary shares and share options are deducted from equity, after deducting any tax effects.

Treasury shares: when share capital, classified as equity, is reacquired by the Company, the amount paid, including the directly attributable costs, is viewed as a change in equity. Purchased treasury shares are recognised as a deduction of equity. The profit or loss pursuant to the sale or cancellation of treasury shares is directly recognised in equity.

Dividends are recognised as amounts payable in the period in which they are declared.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to manage the exchange rate and interest risks deriving from operational, financial and investment activities. Under its treasury management policy, the Group does not use derivative financial instruments for trading purposes. Derivative financial instruments that do not meet the requirements of hedge accounting are, however, accounted for in the same way as derivatives held for trading purposes.

Derivative financial instruments are initially measured at fair value. Attributable transaction costs are expensed in the income statement as incurred. Subsequent to initial recognition, these instruments are measured at fair value. The accounting treatment of the resulting profits or losses depends on the nature of the derivative financial instrument.

The fair value of derivative financial instruments is the estimated amount that the Group will obtain or pay in an orderly transaction on the balance sheet date at the end of the contract in question, with reference to present interest and exchange rates and the creditworthiness of the counterparty.

HEDGING

Cash flow hedges
Whenever derivative financial instruments serve to hedge the variability in cash flows of a liability or a highly probable future transaction, the effective portion of the changes in fair value of these derivatives is recorded directly in equity. When the future transaction results in the recording of an asset or liability, the cumulative profits or losses are removed from equity and transferred to the carrying amount of the asset or liability. In the other case, the cumulative profits or losses are removed from equity and transferred to the income statement at the same time as the hedged transaction. The non-effective portion of profits is recognised immediately in the income statement. Profits or losses deriving from changes in the time value of derivatives are not taken into consideration in determining the effectiveness of the hedging transaction, and are recognised immediately in the income statement.

At the initial recognition of a derivative financial instrument as a hedging instrument, the Group formally documents the relationship between hedging instrument and hedged item, including its risk management goals and strategy when entering the hedging transaction, the risk to be hedged and the methods used to assess the effectiveness of the hedge relationship. When entering the hedge relationship and subsequently, the Group assesses whether, during the period for which the hedge is designated, the hedging instruments are expected to be 'highly effective' in offsetting the changes in fair value or cash flows allocated to the hedged positions and whether the actual results of each hedge are within the range of 80% to 125%. A cash flow hedge of an expected transaction requires that it is highly likely that the transaction will occur and that this transaction results in exposure to the variability of cash flows such that this can ultimately impact the reported profit or loss.

Whenever a hedging instrument or hedge relationship is ended, but the hedged transaction has still not taken place, the cumulative gains or losses remain in equity and will be recognised in accordance with the above policies once the transaction takes place.

When the hedged transaction is no longer likely, the cumulative gains or losses included in equity are immediately recorded in the income statement.

Fair value hedges
Hedge accounting is not applied to derivative instruments that are used for fair value hedging of foreign currency denominated monetary assets and liabilities. Changes in the fair value of such derivatives are recognised in the income statement as part of the foreign exchange gains and losses.

PROPERTY, PLANT AND EQUIPMENT

OWNED ASSETS
Items of property, plant and equipment are measured at cost less accumulated depreciations and impairments (see below). The cost of self-constructed assets includes the cost price of the materials, direct employee benefit expenses, any costs of dismantling and removal of the asset and the costs of restoring the location where the asset is located. Where parts of an item of property, plant and equipment have different useful lives, these are accounted for as separate property, plant and equipment items. The fair value of the land and buildings from acquisition is established on the basis of a valuation report or a concrete offer.

Gains and losses on the sale of property, plant and equipment are determined by comparing the sales proceeds with the carrying amount of the assets, and are recognised within 'Other operating income and expenses' in the income statement.

SUBSEQUENT EXPENDITURE
The cost price of replacing part of property, plant and equipment is included in the carrying amount of the asset whenever it is probable that the future economic benefits relating to the assets will flow to the Group and the cost price of the assets can be measured reliably. The replaced part of property, plant and equipment will therefore be derecognised, and the result of the remaining carrying amount will be included in the income statement. The costs of the daily maintenance of property, plant and equipment are recognised in the income statement as and when incurred.

DEPRECIATIONS
Depreciations are charged to the income statement using the straight-line method over the expected useful life of the asset, and of the separately recorded major components of an asset. It begins when the asset is ready for its intended use. The residual value, useful lives and depreciation methods are reviewed annually. Land is not depreciated. The fair value adjustments for buildings from acquisition are depreciated over the estimated expected remaining useful life.

The estimated useful lives are as follows:

- buildings: 30 years
- photovoltaic panels: 20 years
- building fixtures: 5 – 15 years
- computers: 3 years
- machinery and equipment: 5 – 10 years
- furniture and vehicles: 3 – 10 years

LEASES

The Group leases several sites, buildings, cars, equipment for in-theatre sales and projection equipment.

A contract is classified as a lease if it includes the right to control the use of an identified asset for a specified period of time, in exchange for a consideration. Leases are recognised as right-of-use assets and the corresponding lease liabilities at the date on which the leased asset is available for use by the Group.

The lease term considered in the calculation of the lease liabilities is determined on the basis of the underlying lease contracts, taking into account any extensions that can be estimated with reasonable certainty and whether or not to exercise an early termination option. As a general principle in making this assessment for the key lease assets, lease agreements for land and buildings (cinema complexes), Kinepolis Group has considered that a term between 15 and 20 years reflects the entity's reasonable expectation of the period during which the underlying asset will be used. The same term is also used in our valuation and impairment models to determine future cash flows. Moreover, the lease term is considered reasonably certain in view of the useful life of the leasehold improvements and the investments made.

The Group will only reassess the term of a lease when there has been a significant event or a significant change in circumstances, within the control of the Group. Significant events or changes in circumstances within the control of the Group include but are not limited to significant changes to the contract terms, exercise a renewal option or termination option and significant leasehold improvements.

The Group submits all its lease contracts to an extensive analysis to determine whether the contracts meet the lease definition. The Group has thereby decided to make use of the following exemptions:

- leases with a lease term of 12 months or less;
- leases for which the underlying asset has a limited value.

The payments for the exempt leases are recognised as an expense in the income statement.

RIGHT-OF-USE ASSETS
Right-of-use assets are measured at the cost that includes:

- initial recognition of the lease liabilities;
- advance lease payments;
- initial direct costs;
- estimated costs for dismantling and repairs;
- deferred investment contributions.

The right-of-use assets are depreciated on a straight-line basis, from the commencement date of the agreement, over the lease term, taking into account extensions that can be estimated with reasonable certainty. If the ownership of the leased asset is transferred to the Group at the end of the lease term or if the costs of the right-of-use assets reflect that the Group will exercise a purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset. The useful life is determined in the same way as for other property, plant and equipment.

In addition, the right-of-use assets are reduced by impairments where applicable, and are adjusted for certain remeasurements to the lease liabilities.

LEASE LIABILITIES

Lease liabilities are initially measured at the present value of future lease payments. Only the lease component of the payment is recognised. The lease payments are discounted at the rate implicit in the lease, or, if this is not available, at the average interest rate of the Group. As the Group makes use of a general financing policy, this is the average interest rate of the Group for external financing taking into account the credit standing of the Group, the parent company, rather than each individual subsidiary. Kinepolis Financial Services acts as an in-house bank for the entire Group. As a result, the interest rate is the interest rate that the Group would have to pay to obtain an asset with similar value to the right-of-use asset, taken into account in a similar environment, term and security. The discount rate is updated on a yearly basis and will be applied to new leases or for changes to lease agreements which are to be measured at a revised discount rate.

Lease payments recognised in the valuation of the lease liabilities include:

- fixed lease payments;
- minimum variable lease payments based on an index or rate;
- amounts that are expected to be payable under a residual value guarantee;
- the exercise price of a purchase option that the Group will exercise with reasonable certainty, lease payments in an optional extension period that the Group believes will be exercised with reasonable certainty, and penalties for early termination of a lease, unless the Group is reasonably certain that it will not end early.

Lease liabilities are remeasured whenever there is a change in future lease payments as a result of a change in an index or a rate, if there is a change in the estimate of the amount that the Group will owe under a residual value guarantee, if the Group assesses whether or not it will exercise an option to purchase, extend or terminate, or if there is a change in expected future lease payments. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the right-of-use asset no longer has a carrying amount, this is recognised in the income statement when the lease liability decreases.

All lease payments that expire within 12 months are recognised as current liabilities. All lease payments that expire after 12 months are recognised as non-current liabilities.

Lease payments are split into the repayment of the lease liability and the financial interest cost. In the consolidated statement of cash flow, both can be found under 'Cash flow from financing activities'. Interests are recognised as an expense in the income statement.

LEASES AS LESSOR

The Group leases out its investment properties and owned land and buildings. The Group has classified these leases as operating leases.

For the leases in which the Group acts as a lessor, each of the leases must be classified as an operating or finance lease. A lease is classified as a finance lease if substantially all of the risks and rewards associated with ownership of an underlying asset are transferred. If this is not the case, the lease is recognised as an operational lease.

The Group also leases out parts of leased buildings, which, under the application of IFRS 16, are recognised under Right-of-use assets (the so-called subleases). When the right-of-use of these assets is not fully transferred to the sublessee (which is the case, amongst others, when the rental period of the sublease is significantly shorter than the one of the head lease), these subleases are classified as operating sublease agreements and the rental income is recognised in the income statement on a straight-line basis over the lease term. The Group assessed the classification of the subleases with reference to the right-of-use assets rather than the underlying assets, and concluded that all subleases are classified as operating leases.

Income from leases, both fixed and variable, is recognised as lease income. The variable rent is recognised when it is highly probably that the lease income will be received. If an agreement contains both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract. We refer to the related accounting policies.

INVESTMENT PROPERTY

Investment property is property that is held in order to earn lease income or for capital appreciation or both, but is not intended for sale in the context of usual business operations, for use in the production, for delivery of goods or for administrative purposes.

Investment property is measured at cost, less accumulated depreciations and impairments. The accounting policies for property, plant and equipment apply.

Lease income from investment property is accounted for as described below in the accounting policy for revenue.

IAS 40 requires real estate to be transferred to or from investment property whenever there is an actual change in use. A change in management intention alone does not support a transfer.

INTANGIBLE ASSETS AND GOODWILL

GOODWILL

Goodwill arising from an acquisition is determined as the positive difference between the fair value of the consideration transferred plus the carrying amount of any non-controlling interest in the acquired entity, on the one hand, and the fair value of the acquired identifiable assets and liabilities, on the other. If this difference is negative, it is immediately recognised in the income statement.

Goodwill is measured at cost less impairment losses. In respect of equity accounted investees, the carrying amount of the investment in the entity also includes the carrying amount of the goodwill. Goodwill is not amortised. Instead, it is subject to an annual impairment test

INTANGIBLE ASSETS

Intangible assets acquired by the Group are measured at cost less accumulated amortisations and impairment losses (see below). Costs of internally generated goodwill and brands are recognised in the income statement as incurred. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, or whenever there is a valid reason to do so. The indefinite life is reassessed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made prospectively.

INTERNALLY GENERATED INTANGIBLE ASSETS

Development activities entail a plan or design for the production of new or fundamentally improved products and processes. Internally developed intangible assets are capitalised whenever the development costs can be reliably determined, the product or process is technically and commercially feasible, the future economic benefits are probable, and the Group intends and has sufficient resources to complete the development and to actively use or sell it. The cost of internally generated intangible assets includes all costs directly attributable to the asset, primarily direct employee benefit expenses.

Other development costs and expenditures for research activities are expensed to the income statement as and when incurred.

SUBSEQUENT EXPENDITURE

Subsequent expenditure in respect of intangible assets is capitalised only when it increases the future economic benefits specific to the related asset. All other expenditure is expensed as incurred.

AMORTISATIONS

Amortisations are charged to the income statement by the straight-line method over the expected useful life of the intangible assets. Intangible assets are amortised from the date on which they are ready for their intended use. Their estimated useful life is 3 to 15 years. The residual value, useful lives and amortisation methods are reviewed annually.

INVENTORIES

Inventories are measured at the lower of cost or net realisable value. The net realisable value is equal to the estimated sales price less the estimated costs of completion and selling expenses.

The cost of inventories includes the costs incurred in acquiring the inventories and bringing them to their present location and condition. Inventories are measured according to the latest purchase price.

IMPAIRMENT LOSSES

The carrying amounts of the non-financial assets of the Group, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is an indication of impairment, the recoverable amount of the asset is estimated. In case of goodwill and intangible assets with an indefinite useful life or which are not yet ready for their intended use, the recoverable amount is estimated at the same date each year. An impairment loss is recorded whenever the carrying amount of an asset, or the cash-generating unit to which the asset belongs, is higher than the recoverable amount.

The recoverable amount is the higher of the value in use or the fair value less costs to sell. When determining the value in use, the discounted value of the estimated future cash flows is calculated using a proposed weighted average cost of capital, that reflects both the current market rate and the specific risks with regard to the asset or the cash-generating unit. Where an asset does not generate significant cash flows by itself, the recoverable amount is determined based on the cash-generating unit to which the asset belongs. Goodwill acquired in a business combination is allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination.

Impairment losses are recorded in the income statement. Impairment losses recorded with respect to cash-generating units are first deducted from the carrying amount of any goodwill assigned to cash-generating units (or groups of units), and then deducted proportionally from the carrying amount of the other assets of the unit (or group of units), excluding financial assets.

An impairment is reversed when the reversal can be objectively linked to an event occurring after the impairment was recorded. A previously recorded impairment is reversed when a change has occurred in the estimates used to determine the recoverable value, but not in a higher amount than the net carrying amount that would have been determined if no impairment had been recorded in previous years. Goodwill impairments are not reversed.

ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets (or groups of assets and liabilities being disposed of) that are expected to be recovered mainly via a sales transaction and not through the continuing use thereof are classified as held for sale. Directly prior to this classification, the assets (or the components of a group of assets being disposed of) are remeasured in accordance with the financial accounting policies of the Group. Hereafter, the assets (or a group of assets to be disposed of) are measured on the basis of their carrying amount or, if lower, fair value less cost to sell. Non-current assets are no longer depreciated as soon as they are classified as held for sale. Any impairment loss on a group of assets being disposed of is allocated in the first place against goodwill and then, proportionally, against the remaining assets and liabilities, except that no impairments are allocated against inventories, financial assets, deferred tax assets and employee benefit assets, which will continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification and gains and losses on subsequent measurement are recognised in the income statement.

EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Short-term employment benefit obligations include wages, salaries and social security contributions, holiday pay, continued payment of wage in the event of illness, bonuses and benefits in kind. These are expensed when the services in question are provided. Some of the Group's employees are eligible for a bonus, based on personal performance and financial objectives. The amount of the bonus that is recognised in the income statement is based on an estimation at the balance sheet date.

POST EMPLOYMENT BENEFITS

Post employment benefits include the pension plans. The Group provides post employment remuneration for some of its employees in the form of 'defined contribution plans'.

DEFINED CONTRIBUTION PLANS

A defined contribution plan is a post employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined pension plans are recognised as an employee benefit expense in the income statement in the periods during which related services are rendered by employees.

In Belgium, employers are obliged to guarantee a minimum return on defined contribution plans throughout the employee's career (Art. 24 of the Law of 28 April 2003 – WAP). To the extent that the legally guaranteed return is adequately covered by the insurance company, the Group has no further payment obligation towards the insurance company or the employee beyond the pension contributions, recognised through profit and loss in the year in which they are owed. As a consequence of this guaranteed minimum return, all Belgian plans with defined contributions under IFRS are qualified as defined benefit plans.

The liability recognised on the balance sheet for these defined benefit plans is the current value of the future benefit obligations that employees have accrued in the fiscal year and previous years, minus the fair value of the fund investments. The liability is calculated periodically by an independent actuary using the 'projected unit credit method'. The fair value of the fund investments is determined as the mathematical reserves that are accrued within the insured plans.

Revaluations of the net liability arising from defined pension plans, which consist of actuarial profit and loss, the return on the fund investments (excluding interest) and the effect of the asset ceiling (if present, excluding interest), are recognised directly in other comprehensive income.

The Group determines the net liability (the net asset) ensuing from defined contribution plans for the fiscal year using the discount rate employed to value the net liability (the net asset) at the beginning of the fiscal year, with due consideration for any changes to the net liability (the net asset) during the fiscal year as a consequence of contributions and pay-outs. Net interest charges and other charges with regard to defined contribution plans are recognised in profit and loss.

If the pension entitlements arising from a plan are changed or a plan is restricted, the resulting change in entitlements with regard to past service or the profit or loss on that restriction is recognised directly in profit or loss. The Group justifies profit or loss on the settlement of a defined contribution plan at the time of that settlement.

SHARE-BASED PAYMENTS AND RELATED BENEFITS
The stock option plan enables Group employees to acquire shares of the Company. The option exercise price is equal to the average of the closing price of the underlying shares over thirty days prior to the date of offer. No compensation costs or liabilities are recognised.

Share transactions with employees are charged to the income statement over the vesting period, based on the fair value on the date of offering, with a corresponding increase in equity. The fair value is determined using an option valuation model. The amount expensed is determined on the basis of the number of awards for which the service conditions are expected to be fulfilled.

To hedge its liabilities within the framework of the allocation of stock options to its directors and executives, the Group buys back its treasury shares at the specific times those options are allocated. This can occur by means of several buybacks. These shares will be charged to equity on transaction date for the sum paid, including the related costs. When the options are exercised, treasury shares are derecognised by applying the FIFO-principle on the total package of shares purchased that were allocated to the options in question. The difference between the option exercise price and the average price of the shares in question is recognised directly in equity.

TERMINATION BENEFITS
Termination benefits are expensed when the Group can no longer withdraw the offer of those benefits or, if earlier, when the Group recognises the restructuring expenses. If benefits are payable more than twelve months after the reporting date, they are then discounted to their present value.

PROVISIONS

A provision is recorded in the statement of financial position whenever the Group has an existing (legal or constructive) obligation as a result of a past event and where it is probable that the settlement of this obligation will result in an outflow of resources containing economic benefits. Where the effect is material, provisions are measured by discounting the expected future cash flows at a pre-tax discount rate that reflects both the current market assessment of the time value of money and, where applicable, the risks inherent to the obligation.

RESTRUCTURING
A provision for restructuring is set up whenever the Group has approved a detailed, formal restructuring plan and the restructuring has either been commenced or publicly announced before the balance sheet date. No provisions are recognised for future operating costs.

SITE RESTORATION
In accordance with the contractual obligations of the Group, a provision for site restoration is set up whenever the Group is obliged to restore land to its original condition.

ONEROUS CONTRACTS

A provision for onerous contracts is set up whenever the economic benefits expected from a contract are lower than the unavoidable costs of meeting the contract obligations. Before a provision is set up, the Group first recognises any impairment loss on the assets relating to the contract. For more information we refer to note 22.

REVENUE

SALES OF GOODS AND SERVICES

The Group applies the 5-step model to include revenue in the income statement. When selling goods or services, the Group will recognise the proceeds of the amount to which the Group expects to be entitled in exchange for those goods or services. In order to apply this principle, the Group must go through the following steps:

1. identification of the contract with a customer;
2. identification of the performance obligations in the contract;
3. determination of the transaction price;
4. allocation of the transaction price to the performance obligations in the contract; and
5. recognition of revenue when the Company fulfils a performance obligation.

More specifically, the Group will apply the following principles and recognition rules when selling goods and delivering services:

- Box Office is the result of the sale of cinema tickets (and 3D glasses). Box office sales are recognised as revenue on the date of the showing of the film they relate to;
- In-theatre Sales (ITS) include all revenue from the sale of beverage, snacks and merchandising in the complexes. In-theatre sales are recognised as revenue at the checkout;
- Revenue from the advance sale of tickets or other prepaid gift vouchers are recognised in current liabilities, and are recognised as revenue when the ticket holder uses the ticket.
- Gift vouchers that have not been exercised ('breakage fees') are recognised as revenue, taking into account the expected non-redemption, and no later than the expiry date of the gift vouchers;
- Revenue from exchange deals is recognised as revenue at the moment the service has been delivered;
- Events (business-to-business) are recognised as revenue when the event takes place. If the event takes place over a longer period of time, the revenue is recognised in the income statement on a straight-line basis over the duration of the event;
- Turnover resulting from screen advertising is recognised as revenue spread over the period (number of film days per month) in which the advertisement is shown;
- Turnover from promotions (business-to-customer) is recognised as revenue when the promotion takes place;
- The theatrical revenue from film distribution is recognised over the term of the film based on the number of visitors. The revenue from after theatrical rights are recognised in the first period on the basis of usage, and in the following period on the basis of a fixed price that is recognised as one-off revenue when the rights are transferred. Whereas the Group does not act as an agent for revenue from theatrical and after theatrical rights, this revenue is not offset by the related costs.

Supplier discounts (PET intervention, volume discounts, collaboration costs and media or marketing support) are deducted from the cost of sales or from marketing costs.

LEASE INCOME

Lease income, both fixed and variable lease income, is recognised in the income statement on a straight-line basis over the lease period. This with the exception of Covid-19 related rent concessions, on amounts already invoiced in the past, which are recognised directly in the income statement. Lease incentives granted are regarded as an integral part of lease income.

GOVERNMENT GRANTS

Government grants are initially recognised at fair value whenever a reasonable certainty exists that they will be received and that the Group will comply with the conditions associated with them. The Group makes a distinction between grants received from the Centre National du Cinéma et de l'Image Animée (CNC) and other grants.

Grants received from the Centre National du Cinéma et de l'Image Animée

The Group receives grants in France from the CNC for cinema related investments. These grants come from a fund financed by contributions from cinema operators in the form of a percentage of ticket sales. The grants are recorded as liabilities as deferred revenue, and are taken into the income statement, within 'Other operating income', over the useful life of the related assets. The unwinding of receivables related to government grants is included under financial income.

Other grants

Other grants relate on the one hand to grants obtained as compensation for specific costs incurred and on the other hand to general government support measures. Grants obtained as compensation for directly attributable costs are taken directly to the income statement, deducted from the related costs. General support measures received from the government are also included in the income statement, within 'Other operating income'.

FINANCIAL INCOME
Financial income consists of interest received on investments, dividends, foreign exchange gains, the unwinding of receivables with regard to government grants and the profits on hedging instruments that are recognised in the income statement.

Interest income is recognised in the income statement based on the effective interest method. Dividend income is included in the income statement on the date that the dividend is declared.

Foreign exchange gains and losses are offset per currency.

EXPENSES

EXPENSES RELATED TO LEASES
For leases that meet the requirements of IFRS 16, a depreciation expense linked to the right-of-use asset and an interest expense linked to the lease liability are recognised. These are recognised in the income statement.

Leases that are exempted under IFRS 16 are recognised in the income statement using a straight-line method.

FINANCIAL EXPENSES
The financial expenses comprise interest to be paid on loans, interest costs on lease liabilities, foreign exchange losses, the unwinding of discounts on non-current provisions and losses on hedging instruments that are recognised in the income statement.

Interest charges are recognised based on the effective interest method.

Financial expenses directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset.

Foreign exchange gains and losses are compensated per currency.

INCOME TAX EXPENSES

Income tax expenses consist of current and deferred taxes. Income taxes are recorded in the income statement except where they relate to a business combination or elements recorded directly in equity. In this case, the income taxes are recognised directly in equity or goodwill.

Current taxes consist of the expected tax payable on the taxable profit of the year, calculated using tax rates enacted or substantively enacted at the balance sheet date, as well as tax adjustments in respect of prior years. The amount of current income taxes is determined on the basis of the best estimate of the tax gain or expense, with due consideration for any uncertainty with regard to income tax.

Additional income taxes resulting from issuing dividends are recognised simultaneously with the liability to pay the dividend in question.

Deferred taxes are recorded based on the balance sheet method, for all temporary differences between the taxable base and the carrying amount for financial reporting purposes, for both assets and liabilities. No deferred taxes are recognised for the following temporary differences:

- initial recognition of assets and liabilities in a transaction that is not a business combination and that does not affect accounting or taxable profits;
- differences with regard to investments in subsidiaries to the extent that an offsetting entry is unlikely in the near future;
- taxable temporary differences that arise at the initial recognition of goodwill.

The amount of the deferred taxes is based on expectations with regard to the realisation of the carrying value of the assets and liabilities, whereby the tax rates enacted or substantively enacted at the balance sheet date are used.

A deferred tax asset is only recorded in the consolidated statement of financial position when it is probable that adequate future taxable profits are available against which the tax benefit can be utilised. Deferred tax assets are reduced whenever it is no longer probable that the related tax benefit will be realised.

The deferred and current tax receivables and liabilities are offset per tax jurisdiction if the Group has a legal enforceable right to offset the amounts and it intends to settle the liability on a net basis, or to realise the receivable and the liability simultaneously.

SEGMENT REPORTING

An operating segment is a clearly distinguishable component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses in relation to transactions with any of the Group's other components. The Group is organised geographically. The different countries constitute operating segments, in accordance with the internal reporting to the CEO and CFO of the Group.

DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group that represents a separate important operation or geographic business area, is part of a single coordination plan to dispose of a separate important operation or geographic business area or concerns a subsidiary that was acquired exclusively with the intent of selling it.

Classification as discontinued operations occurs upon the disposal of or, if earlier, when the business activity fulfils the criteria for classification as held for sale. Whenever an activity is classified as a discontinued operation, the comparative income statement figures are restated as if the activity had been discontinued from the start of the comparative period.

NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended per 31 December 2020, and have not been applied in preparing these consolidated financial statements:

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to IAS 1 Presentation of Financial statements: Classification of Liabilities as Current or Non-current, issued on 23 January 2020, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments:

- specify that an entity's right to defer settlement must exist at the end of the reporting period;
- clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- clarify how lending conditions affect classification; and
- clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

On 15 July 2020, the IASB issued Classification of Liabilities as Current or Non-current – Deferral of Effective Date (Amendment to IAS 1) deferring the effective date of the January 2020 amendments to IAS 1 by one year to annual reporting periods beginning on or after 1 January 2023. The amendments have not yet been endorsed by the EU.

Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual improvements, issued on 14 May 2020, include several narrow-scope amendments which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards:

- **Amendments to IFRS 3 Business Combinations** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

- **Amendments to IAS 16 Property, Plant and Equipment** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets** specify which costs a company includes when assessing whether a contract will be loss-making. The amendments clarify that the 'costs of fulfilling a contract' comprise both: the incremental costs; and an allocation of other direct costs.

- **Annual Improvements to IFRS Standards 2018–2020** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

The amendments are effective for annual periods beginning on or after 1 January 2022. These amendments have not yet been endorsed by the EU.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020) address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

In Phase 2 of the Interest Rate Benchmark Reform, the IASB changes the above standards with regard to:

- changes in financial assets and financial liabilities (including lease liabilities) referring to a benchmark rate to be replaced by an alternative benchmark rate as a result of the benchmark rate reform;
- hedge accounting; and
- disclosures.

The Phase 2 amendments apply only to changes required by the interest rate benchmark reform to financial instruments and hedging relationships. The amendments apply retrospectively from 1 January 2021 with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met. These amendments have been endorsed by the EU.

IMPACT OF NEW STANDARDS

The IASB issued **Covid-19-Related Rent Concessions (Amendment to IFRS 16)** on 28 May 2020. The amendment provides an optional practical expedient that permits lessees not to assess whether rent concessions that occur as a direct consequence of the Covid-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. The amendment is effective for annual reporting periods beginning on or after 1 June 2020, with earlier application permitted. The amendment was approved by the EU.

The Group makes use of the optional practical expedient, and applies it retroactively to all rent concessions, that are a direct result of the Covid-19 pandemic, and meet the following conditions:

- the change in lease payments results in revised consideration for the lease, which is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- the reduction in lease payments relates to payments originally due on or before 30 June 2021;
- no substantive changes have been made to other terms of the lease.

If the rent concessions resulting directly from the Covid-19 pandemic meet the conditions, they are treated as if they were not lease modifications. The rent concessions are then processed in the same way as a negative variable lease payment, and are therefore included in the income statement within 'Other operating income', as part of Operating result. The rent concessions are recognised in the income statement in the period in which the event or condition, that causes the payment, occurs. For more information we refer to note 26.

In 2021, the date in the second condition, as mentioned above, will be adjusted to 30 June 2022.

2. Segment reporting

Segment information is given for the Group's geographic segments. The geographic segments reflect the countries in which the Group operates. The prices for intersegment transactions are determined on a business-like, objective basis. The segment information was drawn up in accordance with IFRS.

Segment results, assets and liabilities of a particular segment include those items that can be attributed, either directly or reasonably, to that segment.

Financial income and expenses and income tax expenses and their related assets and liabilities (excluding lease liabilities) are not monitored by segment by the Group's CEO and CFO.

The capital expenditures of a segment are all costs incurred during the reporting period to acquire assets that are expected to remain in use in the segment for longer than one reporting period.

GEOGRAPHIC SEGMENTS

The Group's activities are managed and monitored on a country basis. The main geographic markets are Belgium, France, Canada, Spain, the Netherlands, the United States and Luxembourg. The Polish and Swiss activities are combined in the 'Other' geographical segment, in accordance with the internal reporting to the CEO and CFO of the Group.

The United States was added as a segment in 2019 thanks to the acquisition of MJR Digital Cinemas.

In presenting information on the basis of geographic segments, revenue from the segment is based on the geographic location of the customers. The basis used for the assets of the segments is the geographic location of the assets.

Segment reporting

at 31 December 2020

INCOME STATEMENT

IN '000 €										2020
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND & SWITZERLAND)	NOT ALLOCATED	TOTAL
Segment revenue	33 148	24 743	33 664	16 402	28 173	12 473	6 173	2 175		156 951
Intersegment revenue	19 368	-26						-11		19 331
Revenue	52 516	24 717	33 664	16 402	28 173	12 473	6 173	2 164		176 282
Cost of sales	-50 580	-30 907	-56 928	-21 496	-28 187	-23 337	-6 157	-2 047		-219 639
Gross result	**1 936**	**-6 190**	**-23 264**	**-5 094**	**-14**	**-10 864**	**16**	**117**		**-43 357**
Marketing and selling expenses	-8 035	-1 748	-4 572	-1 086	-899	-207	-696	-71		-17 314
Administrative expenses	-13 835	-1 362	-1 374	-867	-1 148	-1 170	-222	-256		-20 234
Other operating income	1 299	4 822	5 673	1 776	1 581	74	26	285		15 536
Other operating expenses	-152	-44	-29	-5	-64					-294
Segment result	**-18 787**	**-4 522**	**-23 566**	**-5 276**	**-544**	**-12 167**	**-876**	**75**		**-65 663**
Financial income									1 552	1 552
Financial expenses									-27 604	-27 604
Result before tax										**-91 715**
Income tax expenses									22 604	22 604
RESULT OF THE PERIOD										**-69 111**

BALANCE SHEET – ASSETS

IN '000 €										2020
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND & SWITZERLAND)	NOT ALLOCATED	TOTAL
Intangible assets	5 564	881	2 624	295	173	2 107	29			11 673
Goodwill	6 586	11 317	31 985	22 015	34 057	44 842	5 844	6 502		163 148
Property, plant and equipment	66 763	81 394	88 433	52 504	138 782	74 558	11 631	7 071		521 136
Right-of-use assets	8 294	27 441	209 941	41 046	24 557	45 918	5 284			362 481
Investment property			1 648	6 721				9 188		17 557
Deferred tax assets									14 778	14 778
Other receivables	9	4 964	491	866	-20		11			6 321
Other financial assets									27	27
Non-current assets	**87 216**	**125 997**	**335 122**	**123 447**	**197 549**	**167 425**	**22 799**	**22 761**	**14 805**	**1 097 121**
Inventories	1 905	299	446	380	472	243	84	36		3 865
Trade and other receivables	11 128	6 343	2 469	1 664	3 534	663	809	146		26 756
Current tax assets									7 431	7 431
Cash and cash equivalents									33 007	33 007
Current assets	**13 033**	**6 642**	**2 915**	**2 044**	**4 006**	**906**	**893**	**182**	**40 438**	**71 059**
SEGMENT ASSETS	**100 249**	**132 639**	**338 037**	**125 491**	**201 555**	**168 331**	**23 692**	**22 943**	**55 243**	**1 168 180**

BALANCE SHEET – EQUITY AND LIABILITIES

IN '000 €										2020
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND & SWITZERLAND)	NOT ALLOCATED	TOTAL
Share capital and share premium									20 106	20 106
Consolidated reserves									123 640	123 640
Translation reserve									-17 254	-17 254
Equity attributable to the owners of the Company									126 492	126 492
Non-controlling interests									4	4
Total equity									**126 496**	**126 496**
Loans and borrowings									469 882	469 882
Lease liabilities	5 760	25 635	213 622	38 428	25 592	44 597	4 683			358 317
Provisions for employee benefits	998									998
Provisions	1 602	139	280							2 021
Deferred tax liabilities									13 107	13 107
Derivative financial instruments									87	87
Other payables	141	5 946	2	193	74					6 356
Non-current liabilities	**8 501**	**31 720**	**213 904**	**38 621**	**25 666**	**44 597**	**4 683**		**483 076**	**850 768**
Bank overdrafts									112	112
Loans and borrowings									76 599	76 599
Lease liabilities	2 428	2 487	18 692	3 838	4 255	3 074	521			35 295
Trade and other payables	32 099	12 851	15 446	3 373	8 880	3 771	1 608	307		78 335
Provisions	42	198			29					269
Current tax liabilities									306	306
Current liabilities	**34 569**	**15 536**	**34 138**	**7 211**	**13 164**	**6 845**	**2 129**	**307**	**77 017**	**190 916**
SEGMENT EQUITY AND LIABILITIES	**43 070**	**47 256**	**248 042**	**45 832**	**38 830**	**51 442**	**6 812**	**307**	**686 589**	**1 168 180**

CAPITAL EXPENDITURE

IN '000 €										2020
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND & SWITZERLAND)	NOT ALLOCATED	TOTAL
CAPITAL EXPENDITURE	**4 459**	**5 216**	**11 965**	**1 521**	**20 326**	**1 214**	**491**	**28**		**45 220**

NON-CASH ELEMENTS

IN '000 €										2020
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND & SWITZERLAND)	NOT ALLOCATED	TOTAL
Depreciations, amortisations, impairments and provisions	14 643	11 710	24 642	8 536	10 501	9 764	2 229	826		82 851
Others	469									469
TOTAL	**15 112**	**11 710**	**24 642**	**8 536**	**10 501**	**9 764**	**2 229**	**826**		**83 320**

Segment reporting

at 31 December 2019

INCOME STATEMENT

IN '000 €										2019
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND & SWITZERLAND)	NOT ALLOCATED	TOTAL
Segment revenue	209 382	81 754	137 712	61 369	65 738	15 728	17 550	4 682		593 915
Intersegment revenue	-42 360	-39						-34		-42 433
Revenue	167 022	81 715	137 712	61 369	65 738	15 728	17 550	4 648		551 482
Cost of sales	-106 890	-57 047	-112 821	-43 988	-46 319	-12 777	-11 337	-2 707		-393 886
Gross result	**60 132**	**24 668**	**24 891**	**17 381**	**19 419**	**2 951**	**6 213**	**1 941**		**157 596**
Marketing and selling expenses	-13 131	-3 030	-5 556	-2 567	-2 320	-106	-1 052	-124		-27 886
Administrative expenses	-17 707	-1 787	-7 147	-1 103	-1 527	-407	-281	-347		-30 306
Other operating income	46	841	343	38	1 078		95			2 441
Other operating expenses	-139	-85	-268	-114	-70	-83	-49			-808
Segment result	**29 201**	**20 607**	**12 263**	**13 635**	**16 580**	**2 355**	**4 926**	**1 470**		**101 037**
Financial income									941	941
Financial expenses									-24 667	-24 667
Result before tax										**77 311**
Income tax expenses									-22 939	-22 939
RESULT OF THE PERIOD										**54 372**

BALANCE SHEET – ASSETS

IN '000 €										2019
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND & SWITZERLAND)	NOT ALLOCATED	TOTAL
Intangible assets	6 386	717	2 852	329	176	2 499	28			12 987
Goodwill	6 586	11 317	34 053	22 015	33 970	49 087	5 844	6 502		169 374
Property, plant and equipment	73 469	85 201	93 026	56 158	127 626	86 912	12 787	7 145		542 324
Right-of-use assets	9 874	22 882	234 870	58 835	15 007	53 963	1 781			397 212
Investment property				6 721				10 160		16 881
Deferred tax assets									1 227	1 227
Other receivables	2	7 261	572	873	-20	312	11			9 011
Other financial assets									27	27
Non-current assets	**96 317**	**127 378**	**365 373**	**144 931**	**176 759**	**192 773**	**20 451**	**23 807**	**1 254**	**1 149 043**
Inventories	2 228	500	994	563	878	536	115	37		5 851
Trade and other receivables	20 773	10 813	9 439	3 425	4 042	3 594	1 208	91		53 385
Current tax assets									1 303	1 303
Cash and cash equivalents									72 473	72 473
Assets classified as held for sale			1 767							1 767
Current assets	**23 001**	**11 313**	**12 200**	**3 988**	**4 920**	**4 130**	**1 323**	**128**	**73 776**	**134 779**
SEGMENT ASSETS	**119 318**	**138 691**	**377 573**	**148 919**	**181 679**	**196 903**	**21 774**	**23 935**	**75 030**	**1 283 822**

BALANCE SHEET – EQUITY AND LIABILITIES

IN '000 €										2019
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND & SWITZERLAND)	NOT ALLOCATED	TOTAL
Share capital and share premium									20 106	20 106
Consolidated reserves									191 448	191 448
Translation reserve									-582	-582
Equity attributable to the owners of the Company									210 972	210 972
Non-controlling interests									281	281
Total equity									**211 253**	**211 253**
Loans and borrowings									479 513	479 513
Lease liabilities	7 191	20 942	230 885	55 001	17 086	50 753	1 194			383 052
Provisions for employee benefits	1 036									1 036
Provisions	1 585	162	299		238					2 284
Deferred tax liabilities									20 408	20 408
Derivative financial instruments									169	169
Other payables		6 635	3	232	69					6 939
Non-current liabilities	**9 812**	**27 739**	**231 187**	**55 233**	**17 393**	**50 753**	**1 194**		**500 090**	**893 401**
Bank overdrafts									115	115
Loans and borrowings									10 099	10 099
Lease liabilities	2 335	1 993	18 006	4 385	2 388	3 537	447			33 091
Trade and other payables	50 117	21 993	27 817	7 978	13 436	7 102	3 615	682		132 740
Provisions	120	335			29		65			549
Current tax liabilities									2 574	2 574
Current liabilities	**52 572**	**24 321**	**45 823**	**12 363**	**15 853**	**10 639**	**4 127**	**682**	**12 788**	**179 168**
SEGMENT EQUITY AND LIABILITIES	**62 384**	**52 060**	**277 010**	**67 596**	**33 246**	**61 392**	**5 321**	**682**	**724 131**	**1 283 822**

CAPITAL EXPENDITURE

IN '000 €										2019
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND & SWITZERLAND)	NOT ALLOCATED	TOTAL
CAPITAL EXPENDITURE	**13 802**	**12 409**	**21 023**	**3 672**	**8 511**	**15**	**2 852**	**420**		**62 704**

NON-CASH ELEMENTS

IN '000 €										2019
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND & SWITZERLAND)	NOT ALLOCATED	TOTAL
Depreciations, amortisations, impairments and provisions	13 980	10 182	23 781	8 357	10 017	2 368	2 135	481		71 301
Others	722									722
TOTAL	**14 702**	**10 182**	**23 781**	**8 357**	**10 017**	**2 368**	**2 135**	**481**		**72 023**

3. Revenue

The table below shows the breakdown of revenue by activity, product or service offered by the Group:

IN '000 €	2019	**2020**
Box Office	304 691	91 347
In-theatre Sales	155 852	45 923
Business-to-Business	60 914	22 930
Brightfish	12 901	3 123
Film distribution	3 182	2 049
Technical department	84	14
TOTAL IFRS 15	537 624	165 386
Real estate	13 858	10 896
TOTAL	**551 482**	**176 282**

Box Office revenue (hereinafter: BO) decreased with 70.0% to € 91.3 million. The BO per visitor decreased in almost all countries, due to the absence of blockbusters and the resulting lower sales of premium products such as Cosy Seats, Laser ULTRA, 4DX and ScreenX, as well as a lower share of 3D. BO revenue per visitor increased in Spain, thanks to fewer price promotions in 2020 and an increase in ticket prices in 2019.

The sale of drinks and snacks (In-theatre Sales, ITS) decreased with 70.5% to € 45.9 million, falling slightly more than the development in visitor numbers, due to less 'popcorn-content' on the one hand and the restrictions on sales in many countries in the fourth quarter on the other hand. We saw a decline in revenue per visitor in almost all countries, except in North America, where both Canada and the United States recorded an increase in the number of products sold per visitor.

B2B revenue decreased by 62.4%, partly due to a strong decline in screen advertising (-71.2%) and a decrease in the sale of vouchers and events.

Real estate income decreased by 21.4% due to a decrease in the variable rent in Poland, less income from parking and from own concessions, allowances to tenants during the lockdown and a number of vacant concessions in Belgium and the Netherlands.

The revenue of Kinepolis Film Distribution (KFD), decreased by only 35.6%, despite fewer releases, mainly due to increased revenue from the after-theatrical catalogue (home entertainment).

Brightfish saw its income fall with 75.8% due to the closure of the cinemas and a consequent sharp decline in both events and national and local screen advertising.

Revenue from Box Office and In-theatre Sales (which together represented 77.9% of total revenue) are directly linked to the evolution of the visitors. These in turn depend on the number of films produced, their success with the customer and external factors, such as competitive activities, weather conditions and exceptional events such as the Covid-19 pandemic. Consequently, the number of visitors, and therefore the turnover, can be very volatile. For more information regarding the risks involved, we refer to 'Description of the main business risks' in the 'Corporate Governance Statement' section.

B2B consists of three products: sales of vouchers, sales of cinema advertising and sales of film and non-film related events. Film related events make up the bulk of B2B and are closely related to the line-up and the number of films produced and their potential success. The sale of vouchers and cinema advertising strongly depend on the macro-economic climate and business confidence.

The Brightfish results are highly dependent on the macro-economic climate, the advertising spending mainly in the FMCG industry and the share of cinema and marketing campaigns of the major advertisers. Depending on the pricing in other media such as online and TV, this can fluctuate widely.

The results for film distribution depend on the number and success of the Flemish productions of which Kinepolis Film Distribution (KFD) owns the rights, combined with the international releases of which Kinepolis Film Distribution owns the rights for the Belgian and Luxembourg territory, together with Dutch Filmworks (DFW).

4. Other operating income and expenses

OTHER OPERATING INCOME

IN '000 €	2019	**2020**
Government grants	708	951
Government grants and support measures due to the Covid-19 pandemic		6 677
Rent concessions due to the Covid-19 pandemic		7 540
Capital gains on disposal of property, plant and equipment	1 350	109
Others	383	259
TOTAL	**2 441**	**15 536**

GOVERNMENT GRANTS

In France, the Group receives grants from the Centre National du Cinéma et de l'image Animée (CNC) for cinema related investments. These grants come from a fund financed by a contribution from cinema operators in the form of a percentage of ticket sales. The grants are recorded as liabilities on the balance sheet, and are taken into the result over the useful life of the related assets, at € 1.0 million in 2020 (2019: € 0.7 million).

GOVERNMENT GRANTS AND SUPPORT MEASURES AS A RESULT OF THE COVID-19 PANDEMIC

As a result of the outbreak of the Covid-19 virus, the governments in the various countries where Kinepolis operates have decided to provide support measures. The Group obtained non-directly attributable or general grants of € 6.7 million in this regard (FR: € 3.5 million, NL: € 1.5 million, BE: € 1.1 million, ES: € 0.3 million and CH: € 0.3 million). For more information and a detailed breakdown we refer to note 29.

RENT CONCESSIONS AS A RESULT OF THE COVID-19 PANDEMIC

In addition, the Group obtained € 7.5 million rent concessions in 2020, as a direct result of the Covid-19 pandemic. Most of this relates to the lease of land and buildings in Canada (€ 5.7 million). The rent concessions obtained are only included under 'Other operating income' if the conditions of Covid-19-related rent concessions (amendment to IFRS 16), issued by the IASB on 28 May 2020, are met. For more information we refer to note 26.

OTHER OPERATING EXPENSES

IN '000 €	2019	**2020**
Losses on disposal of property, plant and equipment	-181	-84
Losses on disposal of trade receivables	-251	-141
Others	-375	-69
TOTAL	**-808**	**-294**

5. Employee benefit expenses and other social benefits

IN '000 €	2019	**2020**
Wages and salaries	-65 601	-33 634
Mandatory social security contributions	-11 771	-7 807
Employer contributions to employee insurances	-925	-1 034
Share-based payments	-723	-469
Other employee benefit expenses	-3 232	-1 645
TOTAL	**-82 252**	**-44 589**
Total full-time equivalents at the balance sheet date	2 603	1 215

The decrease in employee benefit expenses in 2020 is mainly attributable to the consequences of the Covid-19 pandemic. One of the measures that Kinepolis has taken to arm itself against the current circumstances is to scale down its temporary and permanent staff. With regard to the employees of the complexes in view of the mandatory closure and capacity restrictions, as well as the employees of the support services, by limiting those to only the strictly necessary services.

The Group was also able to make use of the system of economic unemployment in Belgium and Spain, as well as the system of wage subsidies in France, the Netherlands, Luxembourg, Canada, the United States and Switzerland. In the economic unemployment system, the wage cost does not have to be paid by the Company, but is paid directly to the employee by the government. By contrast, the wage cost is first paid by the Company in the wage subsidy system, and can subsequently be reclaimed from the government in whole or in part. The Group received € 12.6 million in wage subsidies. Grants obtained as compensation for directly attributable costs, such as employee benefit expenses, are taken directly in the income statement, deducted from the related costs. In the other countries, the system of economic unemployment was applied, with the wage costs borne, in part or otherwise, directly by the government.

The share-based payments are related to the options granted in 2017, 2018 and 2019. For more information we refer to note 20.

The employee benefit expenses also include early retirement pensions, which, in accordance with IFRS, should be treated as termination benefits, as no reasonable expectation was generated among employees during hiring or employment that they would be entitled to an early retirement pension before the legal retirement age. They are non-material amounts.

CLARIFICATION OF PENSION LIABILITIES AND PENSION COSTS

The amounts on the balance sheet are determined as follows:

IN '000 €	2019	**2020**
Defined benefit plan	1 036	998
TOTAL	**1 036**	**998**

The pension plans held in Belgium by the Group are included under 'defined benefit plan'.

The Group has two pension plans in Belgium that are deemed to be pension plans with defined contributions by law. As Belgian law applies to all second pillar pension plans ('Vandenbroucke Law'), all Belgian plans with defined contributions under IFRS are qualified as defined benefit plans. The 'Vandenbroucke Law' states that, in the context of the defined contribution plans, the employer must guarantee a minimum return of a percentage that is adjusted based on market returns, with a minimum of 1.75% and a maximum of 3.75%, which reduces the risk for the employer.

These minimum return requirements for the defined contribution plans in Belgium expose the employer to a financial risk (because there is a legal obligation to pay future contributions if the fund has insufficient assets to pay all the employee benefits related to the work performed by the employees in the current and past periods). As a consequence, these plans must be classified and recognised in the accounts as a defined benefit plan as under IAS 19.

The amounts for the pension plans held in Belgium are determined as follows as at 31 December:

IN '000 €	2019	**2020**
Liability from defined benefit plans	6 201	6 688
Fair value of fund investments	-5 165	-5 690
Net liability (-asset) from defined benefit plan	1 036	998

Assets concern qualifying insurance policies and are not part of the financial instruments of the Group. The minimum return guarantee is currently 1.75%.

ACTUARIAL ASSUMPTIONS

The main actuarial assumptions are:

IN %	2019	**2020**
Weighted average discount rate	0.60%	0.70%
Expected inflation	1.75%	1.75%
The expected general pay rise	2.75%	2.75%

Life expectancy is based on the Belgian mortality table MR/FR, adjusted by -5 years.

TOTAL COMPREHENSIVE INCOME

For these pension plans, the following amounts are included in total comprehensive income:

IN '000 €	2019	**2020**
Included in the income statement		
Pension costs allocated to the year of service	-234	-324
Interest expenses	-6	-5
	-240	-329
Included in other comprehensive income		
Changes to estimates of defined benefit plans	-516	96
	-516	96
Total comprehensive income	-756	-233

The expected pension costs from defined benefit plans for 2021 are € 0.3 million, and primarily relate to allocated pension costs.

SENSITIVITY ANALYSIS

IN '000 €	31 DECEMBER **2020**	
	INCREASE	DECREASE
Discount rate (1% movement)	-528	654
Future pay fluctuation (1% movement)	50	-43
Life expectancy (1% movement)	-2	2

Its defined benefit plans expose the Group to a number of risks, the most important of which are explained below:

- *Changes to discount rate:* a reduction in the discount rate leads to an increase in the liabilities;
- *Salary risk:* the gross liabilities of most schemes are calculated on the basis of the future payments to the participants. As a consequence, a higher than expected salary rise will lead to higher liabilities;
- *Longevity risk:* pension plans provide participants benefits as long as they live, so an increase in life expectancy will result in an increase in plan liabilities.

6. Additional information on operating expenses by nature

The table below shows the breakdown of cost of sales by nature:

IN '000 €	2019	**2020**
Purchases	-200 162	-58 194
Services and other goods	-62 448	-39 943
Employee benefit expenses and other social benefits	-61 200	-32 077
Depreciations and amortisations	-66 342	-76 560
Provisions and impairments	-418	-2 311
Others	-3 317	-10 554
COST OF SALES	**-393 886**	**-219 639**

The table below shows the breakdown of marketing and selling expenses by nature:

IN '000 €	2019	**2020**
Services and other goods	-18 209	-10 814
Employee benefit expenses and other social benefits	-7 825	-4 606
Depreciations and amortisations	-1 838	-1 791
Provisions and impairments	-4	-96
Others	-9	-7
MARKETING AND SELLING EXPENSES	**-27 886**	**-17 314**

The table below shows the breakdown of administrative expenses by nature:

IN '000 €	2019	**2020**
Services and other goods	-14 285	-10 197
Employee benefit expenses and other social benefits	-13 227	-7 907
Depreciations and amortisations	-2 554	-2 107
Provisions and impairments	-145	15
Others	-95	-38
ADMINISTRATIVE EXPENSES	**-30 306**	**-20 234**

The overall decrease in operating expenses is mainly the result of the Covid-19 pandemic. In 2020, the Group focused on strong cost control to mitigate the impact of the Covid-19 pandemic. However, the fixed costs, such as depreciations, are of the nature that they are not affected by the cost control measures. The increase in these fixed costs is partly due to the fact that the fixed costs of the acquisitions in 2019 are included for a full year in 2020.

The increase in the Other category under cost of sales is partly explained by a decrease in the capitalisation of the own produced assets with regard to projection material, the roll-out of experience concepts and the IT infrastructure in 2020 compared to 2019, as a result of the limitation of costs and a general investment stop after the first lockdown had taken effect. This is partly compensated by a decrease in costs, such as local taxes, which evolve with the number of visitors, the latter being impacted by the consequences of the Covid-19 pandemic.

7. Financial income and expenses

FINANCIAL INCOME

IN '000 €	2019	**2020**
Interest income	59	5
Foreign exchange gains	144	781
Unwinding of non-current government grants receivable	373	297
Others	365	469
TOTAL	**941**	**1 552**

The foreign exchange gains mainly relate to the fluctuations of the Canadian Dollar and the Polish Złoty against the Euro.

FINANCIAL EXPENSES

IN '000 €	2019	**2020**
Interest expenses	-11 027	-14 674
Interest expenses on lease liabilities	-9 353	-10 248
Foreign exchange losses	-229	-394
Others	-4 058	-2 288
TOTAL	**-24 667**	**-27 604**

The increase in interest expenses is mainly due to an increase in gross debt due to the private placement of bonds amounting to € 225.0 million in July 2019. Interest expenses in 2020 are charged for the full year, whereas this only applies from the beginning of July in 2019. The increase is reinforced by an increase in interest expenses attributed to the roll-over credit as drawings were requested throughout 2020, which was not the case throughout 2019. The increase is partly offset by the repayment of a bond for € 59.1 million in March 2019.

The interest expenses attributed to lease liabilities amounted to € 10.2 million (2019: € 9.4 million). For more information we refer to note 26.

The exchange rate losses mainly relate to the fluctuations of the Canadian Dollar against the Euro.

In 2020, the capitalisation of interest costs related to construction projects amounted to € 0.2 million (2019: € 0.2 million). As the Group applies a general financing policy, a weighted average interest rate of 2.70% (2019: 2.64%) was applied to the capitalisation of the interest costs of construction projects.

The total costs with regard to the refinancing of the Group in 2012 amounted to € 1.1 million, of which € 0.1 million is included in the result for 2020 (2019: € 0.1 million). The costs of the refinancing of the Group in 2015 amounted to € 1.6 million, of which € 0.2 million is included in result for 2020 (2019: € 0.2 million). The costs of the refinancing of the Group in 2017 amounted to € 0.5 million, of which € 0.1 million is included in the result for 2020 (2019: € 0.1 million). The costs of the refinancing of the Group in 2019 amounted to € 1.7 million, of which € 0.2 million is included in the result for 2020 (2019: € 0.1 million). The costs related to refinancing are included in the result via the effective interest method, and are part of the other financial expenses.

The remaining other financial expenses in 2020 and 2019 mainly related to bank charges. The bank charges are partly volume-related, with the result that this decrease is partly explained by the decrease in the number of visitors.

8. Income tax expenses

IN '000 €	2019	**2020**
Current tax expenses	-23 910	2 383
Deferred tax expenses	971	20 220
TOTAL	**-22 939**	**22 604**

The income taxes in 2020 concern an income, due to the negative result before tax. A positive result before tax was realised in 2019, and therefore an income tax expense. The effective tax rate was 24.64% in 2020 (2019: 29.67%). The decrease in the effective tax rate is mainly due to a lower tax rate in various countries. There was a tax rate of 25.00% in 2020 in Belgium (2019: 29.58%), an average tax rate of 25.50% in Canada (2019: 26.70%) and a tax rate of 28.00% in France (2019: 31.00%). Furthermore, some subsidies have also been received due to the Covid-19 pandemic that are exempted from tax, these are included under the line 'Tax-exempt income' in the table below.

Part of the tax losses in 2020 were offset by the profits of 2019, mainly in Belgium and Canada. The so-called 'carry back' system has been applied in Belgium as a result of the Covid-19 pandemic. This in response to the law of 23 June 2020, published on 1 July 2020, regarding the temporary tax exemption of profits pending tax losses realised in the Covid-19 period. This law allows for the early deduction of the losses of the year 2020, as a result of the Covid-19 pandemic, by offsetting them against the profits for 2019. This 'carry back' option already existed in Canada before the Covid-19 pandemic. Through the application of this system, (part of) the loss for the period results in a positive current income tax in the income statement, instead of a deferred tax. On the balance sheet, the 'carry back' results in a current tax asset instead of a deferred tax asset. We refer to notes 13 and 24 for more information.

EFFECTIVE TAX RATE RECONCILIATION

IN '000 €	2019	**2020**
Result before tax	77 311	-91 715
Belgian tax rate	29.58%	25.00%
Income taxes using the local tax rate	-22 868	22 929
Effect of tax rates in foreign jurisdictions	359	-117
Disallowed expenses	-524	-407
Tax-exempt income	56	695
Impairment on treasury shares	8	-203
Losses for which no deferred tax asset is recognised	-18	-346
Use of unrecognised losses and tax losses for which no deferred tax asset was recognised	156	44
Under/(over) provision in prior periods	22	20
Change to law and tax rate in Luxembourg	101	
Change to law and tax rate in the Netherlands	-86	-128
Change to law and tax rate in Canada	327	
Other adjustments	-472	117
TOTAL INCOME TAX EXPENSES	**-22 939**	**22 604**
Effective tax rate	29.67%	24.64%

The 'Other adjustments' mainly concern deferred taxes on temporary differences between tax and group results in the different countries.

The 'Change to law and tax rate in the Netherlands' mainly concern the future reduction of the income tax rate from 25.00% to 22.55% in 2020, and to 20.50% from 2021. The change in the income tax rate from 2021 was adjusted to 21.70% in 2019, instead of 20.50%. There was another change in legislation in 2020, as a result of which the previous decisions will no longer be applied and the income tax rate will remain at 25.00%, both in 2020 and in future years. The 'Change to law and tax rate in Canada' in 2019 relates to the gradual decrease in the average income tax rate in Canada from 27.00% to 25.50% in 2022, due to a decrease in the income tax rate in the state Alberta. In 2020, it was decided in Canada that the decrease in the state Alberta would be effective as of mid-2020, instead of 2022.

9. Intangible assets

IN '000 €	PATENTS AND LICENSES	OTHERS	INTERNALLY GENERATED INTANGIBLE ASSETS	**TOTAL**
Acquisition value	15 825	4 364	3 550	23 739
Amortisations and impairment losses	-10 648	-986	-2 441	-14 075
NET CARRYING AMOUNT AT 31/12/2018	**5 177**	**3 378**	**1 109**	**9 663**
Acquisitions	1 907	1	729	2 637
Sales and disposals	-1	-2		-3
Transfer to other categories	146	31	200	377
Amortisations	-1 900	-86	-473	-2 459
Acquisitions through business combinations	935	1 702		2 637
Effect of exchange rate fluctuations	-12	147		135
Acquisition value	19 374	6 262	4 233	29 869
Amortisations and impairment losses	-13 123	-1 092	-2 667	-16 882
NET CARRYING AMOUNT AT 31/12/2019	**6 252**	**5 170**	**1 565**	**12 987**
Acquisitions	1 526		322	1 848
Sales and disposals	-63	-19		-82
Transfer to other categories	29			29
Amortisations	-2 146	-169	-594	-2 909
Others		185		185
Effect of exchange rate fluctuations	-70	-316		-386
Acquisition value	20 465	6 102	4 822	31 389
Amortisations and impairment losses	-14 937	-1 251	-3 528	-19 716
NET CARRYING AMOUNT AT 31/12/2020	**5 528**	**4 851**	**1 294**	**11 673**

The patents and licenses mainly comprise software purchased from third parties. The internally generated intangible assets concern the changes to the software for the Group's ticket system.

The 'Other' category includes the trade name 'Landmark Cinemas', which amounts to € 2.6 million (2019: € 2.8 million). The trade name has an indefinite useful life. The decrease can be explained by the exchange rate fluctuation of the Canadian Dollar. The trade name was retained with the acquisition of Landmark Cinemas in 2017, as this is the second largest cinema group in Canada. Further organic growth on the Canadian market and the marketing of the existing cinemas will be carried out under the name 'Landmark Cinemas'. In addition, this category also contains the trade name 'MJR Digital Cinemas' for € 1.4 million (2019: € 1.7 million) with a definite useful life.

The acquisitions amount to € 1.8 million in 2020 (2019: € 2.6 million) and mainly concern investments in various software used by the Group, such as modifications to the ticketing system software and the back-office software, as well as investments in IT infrastructure. These consist of the internal hours worked for € 0.3 million and purchases from third parties for € 1.5 million.

10. Non-financial assets and business combinations

IMPAIRMENT TEST

As a result of the worldwide outbreak of the Corona virus, Kinepolis was forced to close all its cinemas as of mid-March. Kinepolis resumed operations in almost all countries at the beginning of the summer. In each country, the operation of the cinemas has been subject to significant, constantly changing capacity restrictions since reopening, as well as other measures to protect the health of staff and visitors. As a result of the increasing spread of the virus once again, additional measures were introduced in all countries, with Kinepolis again forced to close most of its cinemas in the autumn. Due to the closure of almost all locations, a large part of the revenue was lost for a period of several months. This has a serious impact on the Group's financial results in 2020.

The strategy and nature of the Company, characterised by a maximum variability of costs, a solid real estate position, with a large proportion of cinema real estate being owned, a decentralised organisation and a 'facts-and-figures' driven corporate culture help Kinepolis Group to manage this crisis optimally.

In the short term, Kinepolis is dependent on the availability and timing of content. In addition, the maximum capacity per theatre and screening is 35% in most countries. Due to the size of the theatres and the historical occupancy rate, this is not a limitation for most of the screenings. Without additional measures, more than 80% of customers can be accommodated with 35% capacity. By adjusting the screening hours and the programming, this percentage can even be substantially increased to above 90%. After all, cinema activity is characterised by very volatile occupancy during the afternoons and evenings, weekdays and weekends, public holidays and holidays. An adaptation of the film programming, in which films with greater demand are programmed simultaneously in several theatres on peak days, and with the insertion of more screenings where necessary, allows Kinepolis to optimise the number of visitors that we can accommodate while respecting the Covid capacity limitations. It can also be expected that a customer who is confronted with a sold-out screening will choose a different screening. We should therefore be able to meet a large part of the demand, despite the imposed restrictions. This invalidates the misconception that a limitation of the seating capacity leads to a proportional reduction in the number of visitors. For example, important blockbusters, if available, can be played at the same time in several theatres of the complex in order to offer everyone the full movie experience.

The cinema sector is also indirectly affected by the fact that Hollywood film studios are facing a significant limitation in their distribution capacity for their blockbusters, with cinemas in the United States closed until recently (35% of the global market) and major capacity restrictions applying to the cinemas that are open in the rest of the world. As a result, the (theatrical) releases of almost all blockbusters were postponed to 2021 and even 2022. Under 'normal' circumstances, Kinepolis Group realises 80% of its tickets from blockbusters. Since the reopening, the lack of blockbusters has had a larger impact on visitor numbers than the capacity restrictions imposed by the authorities.

In the weeks that we were open in the autumn, we achieved approximately 40% of the planned attendance figures in our European cinemas. Against a background of no major blockbusters being released and the fact that we realise 80% of our visitors with blockbuster films in 'normal' times, this is an encouraging result. During the first three weeks following the release of the film 'Tenet' at the end of August, we even achieved an average of 60% of expected visitors in our cinemas in Europe. And this with only a single blockbuster film in the programming, which is moreover more of a 'niche film' in its genre. The film also attracted more visitors than the previous Christopher Nolan film '1917'. The supply of local films in Europe also supports demand.

Customer satisfaction (we organise a continuous customer survey) is above 85%, with the 'Net Promotor Score' for Kinepolis as a 'brand' clearly higher than before the crisis. Customer research in various countries shows that consumer demand remains intact, and that the intention to visit the cinema definitely is there and will remain.

During this Corona crisis, the Hollywood studios have consequently opted to postpone most of their film releases until 2021, or even 2022, on the assumption that, as a distribution channel, cinemas would once again be able to offer their films to full capacity.

Kinepolis currently sees no reason to expect the business model to be affected in the longer term, and currently still considers the impact of the Covid-19 pandemic to be a short-term impact that does not change the underlying parameters of its business model.

At the end of 2020, as in every year, a review was performed to identify any indications of a possible impairment of non-financial assets. As in every year, the economic situation, the expected evolution of visitor numbers, EBITDA, the free cash flow and the components that determine the Group's weighted average cost of capital, i.e. the risk-free interest rate, the market risk premium and the cost of debt, were taken into account in this regard. However, given the health crisis caused by Covid-19, for the 2020 tests, Covid-19 was broadly identified as a potential impairment trigger for all cash-generating units and, due to the pandemic, the annual impairment exercise was extended to include additional scenario analyses on top of the 'normal' sensitivity analyses.

An annual impairment test must always be performed for cash-generating units to which goodwill is allocated, and for intangible assets with an indefinite useful life, regardless of whether there are indications of impairment. For the carrying amount of intangible assets with indefinite useful life allocated to the cash-generating unit 'Canada', we refer to note 9.

Each year, the data of the budget for the next year is taken as the basis for the next 20 years for all cash-generating units:

- The visitor figures, which are the most important driver, are based on the budget for the following year that assumes a fictitious low number of visitors (-5% visitors compared to the previous year). In principle, this exercise is carried out annually, with the aim of making the Company look for measures to increase profitability, and thereby lower the break-even point. The Company does not assume that visitor numbers will decrease by 5% but, by working with this visitor evolution, the operational entities of the Group are forced to think about how they can increase the contribution per visitor and the total, in order to compensate for the difference in visitors. By also using this budget in the impairment tests, a cautious budget is therefore assumed;
- All other drivers are also based on the budget for the following year, including all the improvements and optimisations included in this, such as improvements in the product mix and the launch of new products, more efficient staff scheduling, the impact of contract negotiations with suppliers, and more;
- The EBITDA grows by 1% annually, and is applied to all countries and for each cash-generating unit. This is only intended to compensate for inflation, with the EBITDA margin remaining constant. The 1% is a conservative approach, as it is less than the long-term inflation expectation and historical evolution;
- The assumptions regarding replacement investments are based on historical ratios, and are differentiated depending on whether they refer to buildings that are owned or leased. The amounts are determined on the basis of the group guidelines, which must be followed by all countries. These amounts are increased annually by 1% for all countries.

The same method was chosen for this year but, given the circumstances, the starting position was again the 2020 budget. Two scenarios have been developed based on the 2020 budget.

The first scenario is the base case scenario, which assumes a gradual recovery of the operating cash flow from the second half of 2021. We still assume that there will be a limited impact on the operating cash flow in 2022, with a return to the normal level of activity from 2023 onwards. This is the base case scenario used for the impairment analysis.

For 2021, we assume that the recovery in the second half of the year will gradually develop towards 50 to 70% of the normal visitors and EBITDA, depending on the region. From 2022 onwards, we should develop from 80% to 100% of pre-Covid visitor numbers and EBITDA, with these assumptions being made for reasons of prudence, supplemented by the expected visitor numbers for the newly built cinemas. We assume a return to a normal activity level from 2023 onwards.

In the pessimistic scenario, which is a sensitivity analysis of the basic scenario, we assume a much slower recovery, and only expect a recovery of the visitor numbers and EBITDA by the fourth quarter of 2021. As of 2022 we start and progress from 75% to 85% of pre-Covid visitor numbers, or a permanent effect of 15% on visitor numbers as a negative simulation, supplemented by the expected visitor numbers for the newly built cinemas.

As in the previous year, the impact of the implementation of IFRS 16 was taken into account for the tests at the end of 2020, which is further explained below in the various components of the impairment test.

As a result of the impairment tests that were performed, no impairment was identified in the base case scenario, only for the United States a limited headroom was identified. Due to the fact that MJR Digital Cinemas in the United States was only acquired a few months before the first Covid lockdown, no improvement potential for this country was included in the budget assumptions. Also in the pessimistic scenario, no impairment was identified for any country, except for the United States. The test result for the United States is negative in the pessimistic scenario to an amount of USD 16.7 million. However, this does not take into account the improvement potential that still needs to be unlocked.

Management monitors the impairment tests, as always, at country level. This is also the level at which the organisation is monitored for internal control purposes.

The cash flows of the Group are generated per country:

- The programming of films and negotiations with distributors takes place at country level;
- The management structures are organised at country level;
- A large percentage of tickets are sold through the websites, which are organised at country level;
- The pricing of tickets, refreshments and snacks is set at country level;
- The film rental is negotiated at country level;
- Marketing contributions by distributors are negotiated on a country-by-country basis;
- Screen advertising is managed at country level;
- Vouchers are sold via the business-to-business sales teams. Customers use their vouchers through the central back office systems at country level;
- The business-to-business events are organised at complex and country level.

The value in use was taken into consideration when carrying out the impairment tests. The value in use was determined for all cash-generating units by discounting the future cash flows calculated over the period from 2021 to 2040, based on the 2020 budget with adjustments within the projected scenarios. However, due to the impact of IFRS 16, which applies as of 2019, the definition of future cash flows has been changed, and the starting point for determining future cash flows has been EBITDA which, due to the impact of the implementation of IFRS 16, no longer includes lease payments for leased complexes, among other things. This increases the value in use of the tested assets. To compensate for this, the lease liability arising from these payments under IFRS 16 was deducted from the value in use in the impairment calculations. The future cash flows are calculated over a period of 20 years, as the Group owns a large part of its real estate and is therefore assured of long-term exploitation. The calculation of the lease liability must be based on the remaining lease term, including any extensions. In the case of the calculation of the lease liability starting from a term different to the assumed 20 years, the calculation of the lease liability was adjusted to 20 years.

The impact of IFRS 16 was also taken into account in determining the carrying amount of the non-financial assets or the carrying amount of the cash-generating units, with the right-of-use assets and the lease liabilities being part of the carrying amount.

A terminal value after 20 years is not taken into account, in exchange for this, the net book value of the country is not included in the test.

The projections are performed in the functional currency of the relevant country and discounted at the weighted average cost of the country's capital. The implementation of IFRS 16 required a more diversified approach to the proposed weighted average cost of capital at country level as, from 2019, the debt will also include the lease liabilities of the country, and future cash flows will be discounted at the weighted average cost of capital, while right-of-use assets are calculated on the basis of a discount rate. In order to align this, the country-specific debt / equity ratio was taken into account when calculating the weighted average cost of capital at country level, with the debt capital also including the lease liability of the country. The proposed weighted average cost of capital is 6.34% for Belgium, 6.06% for France, 3.98% for Canada, 5.37% for Spain, 6.00% for the Netherlands, 5.37% for the United States, 6.35% for Luxembourg, 6.53% for Switzerland and 6.80% for Poland (2019: 5.74% for Belgium, 5.60% for France, 4.79% for Canada, 5.29% for Spain, 5.40% for the Netherlands, 5.49% for Luxembourg, 5.45% for Switzerland and 7.57% for Poland) and was determined on the basis of the following theoretical parameters:

	2019						**2020**					
	RISK-FREE INTEREST RATE	MARKET RISK PREMIUM	BETA	PROPOSED COST OF DEBT [1]	COST OF OWN EQUITY	DEBT CAPITAL / EQUITY	RISK-FREE INTEREST RATE	MARKET RISK PREMIUM	BETA	PROPOSED COST OF DEBT [1]	COST OF OWN EQUITY	DEBT CAPITAL / EQUITY
Belgium	-0.06%	6.63%	0.99	2.67%	6.52%	17.15%	0.75%	6.88%	1.13	2.70%	8.50%	33.37%
France	-0.06%	6.63%	0.99	2.67%	6.52%	19.97%	0.75%	6.88%	1.13	2.70%	8.50%	37.50%
Canada	1.48%	6.63%	0.99	2.67%	8.06%	53.58%	0.75%	6.88%	1.13	2.70%	8.50%	69.57%
Spain	0.28%	6.63%	0.99	2.67%	6.86%	32.27%	0.75%	6.88%	1.13	2.70%	8.50%	48.32%
The Netherlands	-0.32%	6.63%	0.99	2.67%	6.26%	20.20%	0.75%	6.88%	1.13	2.70%	8.50%	38.60%
United States [2]							0.80%	6.88%	1.13	2.70%	8.55%	48.62%
Luxembourg	-0.36%	6.63%	0.99	2.67%	6.22%	17.28%	0.75%	6.88%	1.13	2.70%	8.50%	33.27%
Switzerland	-0.55%	6.63%	0.99	2.67%	6.03%	15.68%	0.75%	6.88%	1.13	2.70%	8.50%	31.82%
Poland	2.00%	6.63%	0.99	2.67%	8.58%	15.68%	1.20%	6.88%	1.13	2.70%	8.95%	31.82%

(1) Before tax.
(2) The United States was not added for 2019: no impairment test as the transaction data was not yet final.

The debt to equity ratio is differentiated by country due to the impact of lease liabilities under IFRS 16 at country level. Equity is based on the enterprise value of the Company, and not on the consolidated equity. The parameters for the weighted average cost of the capital are tested annually on the basis of the assumptions used by the analysts who follow the Group's share, while also taking into account the specific circumstances of each country. The market risk premium and the beta were based on the average used by the analysts. The risk-free interest rate was also based on the analysts' average except when the country's risk-free interest rate was higher, as in Poland and the United States. In this way, the calculation of the weighted average cost of capital was aligned to a signficant extent with the analysts' calculation and an extra margin was also added.

The weighted average cost of capital before tax is 6.56% for Belgium, 6.32% for France, 4.46% for Canada, 5.70% for Spain, 6.26% for the Netherlands, 5.70% for the United States, 6.57% for Luxembourg, 6.65% for Switzerland and 6.96% for Poland (2019: 5.86% for Belgium, 5.75% for France, 5.17% for Canada, 5.50% for Spain, 5.53% for the Netherlands, 5.60% for Luxembourg, 5.50% for Switzerland and 7.65% for Poland). These percentages before taxes do not deviate substantially from the iterative calculation.

Management believes that the assumptions used in the impairment tests provide the best estimates of future developments, and believes that no reasonably possible change in any of the key assumptions would lead to a carrying amount of the cash-generating units units that would materially exceed their recoverable amount, with the exception of the United States in the pessimistic sensitivity analysis.

As in every year, sensitivity analyses were performed with regard to the various parameters used for the weighted average cost of capital. Due to the Covid-19 pandemic, the impairment test (the base case scenario) was expanded to include an additional sensitivity analysis, more specifically, the pessimistic scenario.

In one of the analyses in the base case scenario, the cost of debt used was increased from 2.70% to 5.50% and was thereby more than doubled, which would lead to an increase in the weighted average cost of the capital that varies between 70 base points and 145 base points. This could only give rise to a possible impairment in one country, namely the United States, to an amount of USD 9.1 million. In all other countries, an increase in the cost of debt to 5.50% does not pose a problem.

In the pessimistic scenario, a slight increase in the cost of debt used from 2.70% to 3.00% in one of the analyses results in an additional impairment in Canada of CAD 1.0 million, in addition to the possible impairment in the United States. In the pessimistic scenario, a change in the cost of debt from 2.70% to 3.00% leads to an increase in the impairment of the United States from USD 16.7 million to USD 18.3 million. A further increase in the cost of debt to 5.50% in this scenario does not give rise to a possible impairment in another country.

GOODWILL

IN '000 €	2019	**2020**
BALANCE AT END OF PREVIOUS PERIOD	**94 864**	**169 374**
Acquisitions through business combinations	73 533	87
Effect of exchange rate fluctuations	977	-6 313
BALANCE AT END OF CURRENT PERIOD	**169 374**	**163 148**

The acquisitions through business combinations are discussed elsewhere in this note (see Business combinations).

GOODWILL PER CASH-GENERATING UNIT

IN '000 €	2019	**2020**
Belgium	6 586	6 586
France	11 317	11 317
Canada	34 054	31 985
Spain	22 015	22 015
The Netherlands	33 970	34 057
United States	49 087	44 842
Luxembourg	5 844	5 844
Poland	6 502	6 502
BALANCE AT END OF CURRENT PERIOD	**169 374**	**163 148**

BUSINESS COMBINATIONS

ACQUISITIONS IN 2020

There were no new business combinations during 2020. The acquisition through business combination in 2020 (€ 0.1 million) refers to a final settlement of the acquisition of Arcaplex (NL) in 2019.

ACQUISITIONS IN 2019

Acquisition of 'El Punt'
In December 2018, Kinepolis Group reached an agreement regarding the acquisition of two Spanish cinemas, namely cinema 'Full' in Barcelona and 'El Punt Ribera' in Alzira. Following approval by the Spanish competition authority, Kinepolis Group completed the acquisition on 28 February 2019. The transfer of control took place on 1 March 2019. Both cinemas are part of the El Punt cinema group, which was previously owned by the Sallent family. The 'El Punt Vallès' cinema, also located in Barcelona is not included in the transaction. All the shares were purchased.

The 'Full' megaplex in Barcelona has 28 screens with a total of 2 689 seats and welcomes more than 1.3 million cinema-goers every year. The complex is leased, and is situated in the 'Splau' commercial centre in Cornellá de Llobregat, close to the airport and 14 km south of Barcelona. The 'Full' cinema complex is the flagship of the El Punt group: all screens are equipped with 4K projectors and 19 screens have Dolby Atmos sound. The 'El Punt Ribera' cinema is located in a commercial district in Alzira, 44 km south of Valencia. The complex of which the real estate is owned, has 10 screens – each featuring Dolby 7.1 sound – and 2 528 seats and attracts more than 300 000 visitors annually.

After deduction of cash acquired, the transaction has an enterprise value of € 26.0 million. The inclusion of the cinema group El Punt in the consolidation scope of the Group as of 1 March 2019, the date on which the effective control was acquired, resulted in goodwill of € 19.2 million. This goodwill originates from strengthening the position of Kinepolis in the Spanish market, synergy benefits and being able to offer the Kinepolis film experience to even more visitors.

As of 31 December 2019, the cinema group El Punt contributed € 11.9 million revenue, € 3.9 million EBITDA and € 1.6 million result to the consolidated results of the Group. If the transfer of control had taken place on 1 January 2019, El Punt would have contributed € 13.8 million in revenue, € 4.4 million EBITDA and € 1.9 million in result. The transaction expenses linked to this acquisition were € 0.3 million at 31 December 2019, and were recognised in the result as part of the administrative expenses.

NET IDENTIFIABLE ASSETS AND LIABILITIES

IN '000 €	2019
Property, plant and equipment and intangible assets	8 130
Other non-current receivables	176
Right-of-use assets	18 072
Inventories	152
Trade and other current receivables	255
Current tax assets	22
Cash and cash equivalents	414
Lease liabilities	-18 072
Bank overdrafts	-591
Deferred tax liabilities	-613
Trade and other current payables	-1 110
Current tax liabilities	-145
TOTAL	**6 690**

Property, plant and equipment and intangible assets of El Punt amount to € 8.1 million and are recognised at fair value. € 4.9 million concerns land and building related to the El Punt cinema complex in Alzira. The remaining part of € 3.2 million is allocated to furnishings, seats, screens and projectors. The 'Full' cinema in Barcelona is leased. When applying IFRS 16, a right-of-use asset and a lease liability of € 18.1 million are recognised on the balance sheet. Kinepolis pays an at arm's length rent that is reflected in the right-of-use assets. Trade and other current payables include € 0.8 million in trade payables, € 0.2 million in remuneration, social security and other taxes, and € 0.2 million debt to previous shareholders. The deferred tax liability was recognised on the fair value revaluation of the building in Alzira. The revaluation of the building is based on a valuation report carried out by an external party. The other elements of the net identifiable assets and liabilities have not been adjusted, as they have already been included at fair value.

GOODWILL CALCULATION AND RECONCILIATION WITH THE CONSOLIDATED STATEMENT OF CASH FLOW

IN '000 €	2019
NET IDENTIFIABLE ASSETS AND LIABILITIES	**6 690**
Cash	26 003
Repayment of debt to the previous shareholders	-156
CONSIDERATION [1]	**25 847**
Net acquired cash [2]	-177
ACQUISITION OF SUBSIDIARIES, NET OF CASH ACQUIRED, IN THE STATEMENT OF CASH FLOW [1] - [2]	**26 024**
GOODWILL	19 157

The cash has been adjusted in the above table by a repayment of a debt paid by the previous shareholders and for name and account of 'Full'. This debt is not part of the acquisition.

Kinepolis will always carry out an acquisition without external debts (excl. lease liabilities). The goodwill generated is not tax-deductible.

Acquisition of 'Arcaplex'
Mid-October 2019, Kinepolis reached an agreement with the shareholders of Arcaplex regarding the acquisition of the Dutch cinema. As of 14 November 2019, Kinepolis Group took over both the real estate and the operation of the Arcaplex cinema located in Spijkenisse, the Netherlands. The cinema, which was previously owned and operated by the Rump family, has 9 screens and 951 seats, and welcomed more than 200 000 visitors in 2018. The cinema was thoroughly renovated and expanded in the spring of 2018. Three new screens were added in the process, provided with every seating comfort and equipped with laser projection for crystal-clear picture quality.

After deduction of the cash acquired, the transaction has an enterprise value of € 9.2 million. External debts were repaid just before acquisition, and were replaced by financing from the Group. The inclusion of Arcaplex in the consolidation scope of the Group from 14 November 2019, the date on which effective control was acquired, resulted in goodwill of € 4.3 million. This goodwill originates from the strengthening of the position of Kinepolis on the Dutch market, synergy benefits and the offer of the Kinepolis film experience to even more visitors.

As of 31 December 2019, Arcaplex contributed € 0.5 million revenue, € 0.2 million EBITDA and € 0.1 million result to the consolidated results of the Group. If the control had been transferred on 1 January 2019, Arcaplex would have contributed € 3.0 million revenue, € 0.6 million EBITDA and € 0.1 million result. The transaction expenses linked to this acquisition were € 0.1 million at 31 December 2019, and were recognised in the result as part of the administrative expenses.

NET IDENTIFIABLE ASSETS AND LIABILITIES

IN '000 €	2019
Property, plant and equipment and intangible assets	5 739
Inventories	14
Trade and other current receivables	160
Bank overdrafts	-211
Deferred tax liabilities	-179
Trade and other current payables	-5 442
Current tax liabilities	-31
TOTAL	**51**

Property, plant and equipment and intangible assets of Arcaplex amount to € 5.7 million and are recognised at fair value. € 5.4 million concerns land and building related to the Arcaplex cinema complex in Spijkenisse. The remaining part of € 0.3 million is allocated to seats and projectors. Trade and other current payables include € 0.7 million in trade payables, € 0.2 million in remuneration, social security and other taxes and € 4.6 million in debt to previous shareholders. The deferred tax liability was recognised on the fair value revaluation of the land in Spijkenisse. The revaluation of the land is based on a valuation report carried out by an external party. The other elements of the net identifiable assets and liabilities have not been adjusted, as they have already been included at fair value.

GOODWILL CALCULATION AND RECONCILIATION WITH THE CONSOLIDATED STATEMENT OF CASH FLOW

IN '000 €	2019
NET IDENTIFIABLE ASSETS AND LIABILITIES	**51**
CONSIDERATION [1]	**4 389**
Net acquired cash [2]	-211
Repayment of debt [3]	4 564
ACQUISITION OF SUBSIDIARIES, NET OF CASH ACQUIRED, IN THE STATEMENT OF CASH FLOW [1] - [2] + [3]	**9 164**
GOODWILL	4 338

The cash has been adjusted in the table above, with changes in current account and working capital. Kinepolis will always carry out an acquisition without external debts. Any external debts are repaid just before acquisition, and are replaced by an intra-group loan.

The repayment of these debts in the context of the acquisition of Arcaplex for an amount of € 4.6 million is therefore also included in the acquisition of subsidiaries in the statement of cash flow. The goodwill generated is not tax-deductible.

Acquisition of 'MJR Digital Cinemas'
In September 2019, Kinepolis announced the acquisition of Michigan-based MJR Digital Cinemas, but it was still subject to regulatory approvals from United States regulators. After obtaining the necessary approvals, Kinepolis was able to successfully complete the acquisition procedure on 11 October 2019.

MJR Digital Cinemas, with head office in Bloomfield Hills, Michigan, has 10 cinema complexes with a total of 164 screens and 16 630 seats, all located in Michigan. All the cinemas involved are multi- and megaplexes with capacities ranging from 10 to 20 screens.

Seven of these cinemas are owned (114 screens), including three on a leasehold site, the remaining three are leased complexes (50 screens). The group has three megaplexes with 20 screens each, five cinemas with 16 screens, one with 14 screens and one with 10 screens. All screens have 5.1 digital surround sound, and two complexes have an 'EPIC experience' auditorium, where 4K projection is combined with Dolby Atmos sound. Nine out of ten cinemas are also equipped with the recliner seat concept, the motorised, fully reclinable seats with footrest, which are also very successful in Canada.

The transaction has an enterprise value, after deduction of cash acquired, of € 138.8 million (USD 154.0 million). External debts were repaid just before acquisition, and were replaced by financing from the Group.

The inclusion of MJR Digital Cinemas in the Group's scope of consolidation as of 11 October 2019, the date on which effective control was acquired, resulted in goodwill of € 50.1 million. Taking into account that, in accordance with IFRS 9, the fair value of forward exchange contracts (€ 1.1 million) related to financial instruments entered into solely to finance a foreign currency acquisition (MJR Digital Cinemas) may be recognised in the determination of goodwill. The total goodwill originates from the strengthening of the position of Kinepolis in the North American market and gaining access to the American market, the visitor and intended improvement potential of the existing cinemas and their locations. The acquisition is in line with Kinepolis's expansion strategy and allows the Group to enter a new market, characterised by a healthy macro-economic perspective, a growing population and a favourable business climate.

As of 31 December 2019, MJR Digital Cinemas contributed € 15.7 million revenue, € 4.9 million EBITDA and € 1.2 million result to the Group's consolidated results. If the control had been transferred on 1 January 2019, MJR Digital Cinemas would have contributed € 64.7 million revenue, € 10.2 million EBITDA and € 1.7 million result. The transaction expenses linked to this acquisition were € 1.2 million at 31 December 2019, and were recognised in the result as part of the administrative expenses.

NET IDENTIFIABLE ASSETS AND LIABILITIES

IN '000 €	2019
Intangible assets	2 603
Property, plant and equipment	90 258
Right-of-use assets	54 894
Other non-current receivables	208
Inventories	413
Trade and other current receivables	1 687
Cash and cash equivalents	1 828
Non-current loans and borrowings	-25 589
Lease liabilities	-54 894
Trade and other current payables	-5 342
TOTAL	**66 064**

Property, plant and equipment and intangible assets are recognised at fair value. The intangible assets (€ 2.6 million) mainly relate to the trade name 'MJR Digital Cinemas' (€ 1.7 million). The trade name will be retained, as Kinepolis will operate in the United States under the name MJR Digital Cinemas. As MJR Digital Cinemas operates in only one state, Michigan, it was decided to opt for a definite useful life. If Kinepolis decides to expand its operations in the United States, it may be decided to assign a different trade name to all activities in the United States. The valuation was included on the basis of an actuarial report, using the 'value differential' method. The other intangible assets consist of software and licences.

Property, plant and equipment amount to € 90.3 million. Of this, € 67.3 million is related to land and buildings, € 11.8 million to furnishings and leasehold improvements, as well as land improvements and € 11.2 million for equipment such as seats, screens, projectors and sound systems, as well as the renovation of the complex in Adrian.

There are three leased complexes and three leasehold sites. When applying IFRS 16, a right-of-use asset and a lease liability of € 54.9 million are thereby recognised on the balance sheet. Kinepolis pays an at arm's length rent that is reflected in the right-of-use assets.

Trade and other current receivables include € 1.1 million trade receivables and € 0.6 million other receivables. No material impairments were recognised on receivables at moment of acquisition and at year-end. Non-current loans and borrowings (€ 25.6 million) concern debts that were paid just before acquisition and that were replaced by internal financing. Trade and other current payables include € 5.2 million in trade payables and € 0.1 million in other payables.

Deferred tax liabilities were recognised on the fair value revaluation of the land and buildings of the owned complexes for € 4.5 million. The revaluations are based on valuation reports carried out by an external party. The deferred tax position is fully offset by the deferred tax asset on other differences (€ 0.3 million) and on goodwill created upon acquisition (€ 4.2 million). The goodwill generated is tax-deductible. This deferred tax asset will be included in the result according to the fiscally accepted amortisations of this goodwill.

The other elements of the net identifiable assets and liabilities have not been adjusted, as they have already been included at fair value.

GOODWILL CALCULATION AND RECONCILIATION WITH THE CONSOLIDATED STATEMENT OF CASH FLOW

IN '000 €	2019
NET IDENTIFIABLE ASSETS AND LIABILITIES	**66 064**
Cash [1]	116 217
CONSIDERATION	**116 217**
Net acquired cash [2]	1 828
Repayment of debt [3]	25 589
Hedge accounting linked to the acquisition [4]	1 148
ACQUISITION OF SUBSIDIARIES, NET OF CASH ACQUIRED, IN THE STATEMENT OF CASH FLOW [1] - [2] + [3] - [4]	**138 830**
GOODWILL	50 125

The cash has been adjusted in the table, with changes in current account and working capital. Kinepolis will always carry out an acquisition without external debts (excl. lease liabilities). Any external debts are repaid just before acquisition, and are replaced by an intra-group loan.

The repayment of these debts in the context of the acquisition of MJR Digital Cinemas for an amount of € 25.6 million is therefore also included in the acquisition of subsidiaries in the statement of cash flow.

11. Property, plant and equipment

IN '000 €	LAND AND BUILDINGS	PLANT, MACHINERY & EQUIPMENT	ASSETS UNDER CONSTRUCTION	TOTAL
Acquisition value	602 993	311 861	2 830	917 684
Depreciations and impairment losses	-275 848	-217 497		-493 344
NET CARRYING AMOUNT AT 31/12/2018	**327 145**	**94 364**	**2 830**	**424 339**
Transfer to right-of-use assets	-6 702			-6 702
NET CARRYING AMOUNT AT 01/01/2019	**320 443**	**94 364**	**2 830**	**417 637**
Acquisitions	15 689	38 480	5 813	59 982
Sales and disposals	-7	-235	-176	-418
Acquisitions through business combinations	89 918	14 176		104 094
Transfer to other categories	-421	2 296	-2 253	-378
Depreciations	-20 337	-22 099		-42 436
Effect of exchange rate fluctuations	2 202	1 572	68	3 843
Acquisition value	730 606	394 979	6 284	1 131 868
Depreciations and impairment losses	-323 119	-266 425		-589 544
NET CARRYING AMOUNT AT 31/12/2019	**407 487**	**128 554**	**6 284**	**542 324**
Acquisitions	17 299	11 354	14 718	43 371
Sales and disposals	-996	-79	-58	-1 133
Transfer to other categories	5 507	-236	-5 384	-113
Depreciations and impairment losses	-25 201	-24 979		-50 180
Effect of exchange rate fluctuations	-10 239	-2 746	-147	-13 132
Acquisition value	738 072	400 074	15 413	1 153 558
Depreciations and impairment losses	-344 215	-288 207		-632 422
NET CARRYING AMOUNT AT 31/12/2020	**393 857**	**111 867**	**15 413**	**521 136**

ACQUISITIONS

Acquisitions in 2020 include ongoing investments in machinery and equipment in Belgium (€ 2.2 million), France (€ 2.0 million), Canada (€ 3.0 million), Spain (€ 1.0 million) and the Netherlands (€ 2.6 million). These investments mainly took place in the first quarter, as it was decided to halt all investments after the start of the first lockdown as a result of the Covid-19 pandemic. The investments include maintenance investments, the roll-out of the various experience concepts such as ScreenX, Laser ULTRA and the installation of recliner seats. In Spain, the first closure was used to renovate the 'Full' cinema in Barcelona.

In addition, there have been investments in land and buildings and assets under construction in Canada (€ 9.0 million), the Netherlands (€ 17.7 million) and France (€ 3.2 million), mainly related to the new construction projects in South East Edmonton Tamarack (CA), Haarlem (NL), Leidschendam (NL) and Metz Waves (FR). In the United States, it was decided to buy the land of the complex in Southgate (€ 1.1 million) instead of leasing it.

SALES AND DISPOSALS

The sales and disposals within the category Land and Buildings are mainly related to the sale of apartments in the new complex in Haarlem (NL) after completion of the construction works.

12. Investment property

IN '000 €	LAND AND BUILDINGS	PLANT, MACHINERY & EQUIPMENT	TOTAL
Acquisition value	23 138	507	23 645
Depreciations and impairment losses	-6 111	-490	-6 601
NET CARRYING AMOUNT AT 31/12/2018	**17 027**	**17**	**17 044**
Acquisitions	79	6	85
Depreciations	-325	-8	-333
Effect of exchange rate fluctuations	84	1	85
Acquisition value	23 363	519	23 882
Depreciations and impairment losses	-6 498	-503	-7 001
NET CARRYING AMOUNT AT 31/12/2019	**16 865**	**16**	**16 881**
Transfer from assets classified as held for sale	1 686		1 686
Depreciations	-318	-2	-320
Effect of exchange rate fluctuations	-689	-1	-690
Acquisition value	23 847	479	24 326
Depreciations and impairment losses	-6 303	-466	-6 769
NET CARRYING AMOUNT AT 31/12/2020	**17 544**	**13**	**17 557**

As of 18 January 2007 the land, building, machinery and equipment in Poznań (PL) are no longer used for own operations, but leased to Cinema City, owned by the cinema group Cineworld, and to a number of smaller third parties. As required by IAS 40 (Investment property), the assets in question have been transferred to this category. The Group received a bank guarantee on first demand for € 0.3 million from Cinema City. The total carrying amount of the investment property in Poland is € 9.2 million (2019: € 10.1 million).

The plot in Valencia (ES) (€ 6.7 million) has been part of the investment property since 2015, as it is reserve capacity that is not necessary for the execution of the business and can be redeveloped.

During 2020 the land in Weyburn (€ 0.1 million) and the complex in Fort McMurray (€ 1.6 million), both situated in Canada, were transferred from Assets classified as held for sale to Investment property as they are held to realise rental income and/or an increase in value.

Rental income from investment property was € 1.0 million (2019: € 1.8 million). The decrease is mainly due to a legal obligation in Poland, related to the consequences of the Covid-19 pandemic, whereby concessions do not have to pay rent during the period of full closure. The direct operating charges (including repairs and maintenance) ensuing from investment property were € 0.4 million (2019: € 0.5 million).

FAIR VALUE

The fair value of the investment property is measured periodically by independent experts.

The external experts possess the required recognised professional qualifications and experience in appraising real estate at the locations and in the categories concerned.

The fair value of the investment property was € 38.2 million (2019: € 39.0 million). The decrease is the result of exchange rate fluctuations of the Polish Złoty and is partly compensated by the addition of the land in Weyburn and the complex in Fort McMurray.

The fair value of the investment property is recognised as a level 3 fair value based on the unobservable inputs that were used for the measurement. The market approach is used for the measurement of the fair value of the land and buildings. The independent experts base the price per square meter on their knowledge of the market and information on market transactions relating to comparable assets. The size, characteristics, location and layout of the land and buildings and the destination of the area in which they are situated have also been taken into account. When determining the fair value of the buildings, their accessibility and the visibility from the street are also taken into account. The fair value of the other assets that are part of investment property is measured on the basis of the cost approach, in which the current replacement value of the assets is adjusted to account for physical, functional and economic obsolescence.

13. Deferred taxes

The increase in deferred tax assets and corresponding decrease in deferred tax liabilities are due to an increase in the tax losses carried forward, mainly as a consequence of the result before tax due to the Covid-19 pandemic.

TAX LOSSES CARRIED FORWARD AND UNUSED TAX CREDITS

Deferred tax assets on tax losses carried forward are only recognised if future taxable profits will be available to recover these losses, based on budgets and estimates for the next five years. The budgets and estimates are further extended to future expected taxable profits in order to analyse the recoverability of the losses and credits.

No deferred tax asset was recognised in the balance sheet in respect to tax losses carried forward and unused tax credits amounting to € 14.0 million (2019: € 12.6 million) as, based on our budgets and estimates, it seems unlikely that sufficient taxable profits will be available in the foreseeable future to be able to benefit from the tax benefit.

A deferred tax asset has been recognised in the balance sheet on tax losses carried forward and unused tax credits to an amount of € 103.1 million (2019: € 26.4 million). The increase in these losses is mainly attributable to the result before tax as a consequence of the Covid-19 pandemic. Deferred tax assets for tax losses will only be recognised if sufficient future taxable profits are available to enable the losses to be recovered. The Group bases itself on the assumptions used for the annual impairment test. We refer to note 10 for the relevant assumptions. These assumptions and estimates of the impairment test are further extended to future expected taxable profits in order to further analyse the recoverability of the losses and credits. After an extensive analysis, it is considered probable for these losses that sufficient taxable profit will be available in the future.

Part of the tax losses in 2020 were offset by the profits of 2019, mainly in Belgium and Canada. The so-called 'carry back' system has been applied in Belgium as a result of the Covid-19 pandemic. This in response to the law of 23 June 2020, published on 1 July 2020, regarding the temporary tax exemption of profits pending tax losses realised in the Covid-19 period. This law allows for the early deduction of the losses of the year 2020, as a result of the Covid-19 pandemic, by offsetting them against the profits for 2019. This 'carry back' option already existed in Canada before the Covid-19 pandemic. Through the application of this system, (part of) the loss for the period results in a positive current income tax in the income statement, instead of a deferred tax. The 'carry back' results in a current tax asset on the balance sheet, instead of a deferred tax asset. We refer to notes 8 and 24 for more information

The tax losses carried forward are indefinite in Belgium, France, the Netherlands, Luxembourg and the United States. In Canada, tax losses carried forward can be carried forward for 20 years.

The tax losses carried forward and unused tax credits can be allocated as follows:

IN '000 €	2019			**2020**		
	TOTAL	LOSSES FOR WHICH A DEFERRED TAX ASSET IS RECOGNISED	LOSSES FOR WHICH NO DEFERRED TAX ASSET IS RECOGNISED	TOTAL	LOSSES FOR WHICH A DEFERRED TAX ASSET IS RECOGNISED	LOSSES FOR WHICH NO DEFERRED TAX ASSET IS RECOGNISED
Belgium	14 319	4 637	9 682	46 293	35 472	10 822
France	2 129	2 129		2 010	2 010	
Canada				25 757	25 757	
The Netherlands	243	243		421	421	
United States	19 428	19 428		39 450	39 450	
Luxembourg	2 923		2 923	2 868		2 868
Poland				308		308
TOTAL	**39 042**	**26 437**	**12 605**	**117 106**	**103 108**	**13 997**

DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax assets and liabilities recognised in the statement of financial position can be attributed as follows:

IN '000 €	2019			2020		
	ASSETS	LIABILITIES	DIFFERENCE	ASSETS	LIABILITIES	DIFFERENCE
Property, plant and equipment and intangible assets	382	-37 755	-37 373	1 078	-37 021	-35 943
Goodwill	4 090		4 090	2 479		2 479
Right-of-use assets		-98 259	-98 259		-89 945	-89 945
Receivable CNC grants	187		187	216	-11	205
Trade and other receivables	328	-63	265	148	-145	3
Provisions		-156	-156	32	-166	-134
Deferred CNC grants	899	-321	579	783	-268	514
Provisions for employee benefits	257		257	249		249
Derivative financial instruments through equity	50		50	22		22
Tax losses carried forward and unused tax credits	6 749		6 749	26 183		26 183
Lease liabilities	104 040		104 040	97 575		97 575
Trade and other payables	391		391	609	-145	464
TOTAL	**117 372**	**-136 553**	**-19 181**	**129 372**	**-127 700**	**1 671**
Tax offsetting	-116 145	116 145		-114 593	114 593	
NET DEFERRED TAX ASSETS AND LIABILITIES	**1 227**	**-20 408**	**-19 181**	**14 778**	**-13 107**	**1 671**

CHANGES IN DEFERRED TAX BALANCES DURING THE YEAR

IN '000 €	2018	RECOGNISED IN PROFIT AND LOSS	EFFECT OF EXCHANGE RATE FLUCTUATIONS	RECOGNISED IN OTHER COMPREHENSIVE INCOME	ACQUISITIONS THROUGH BUSINESS COMBINATIONS	2019	RECOGNISED IN PROFIT AND LOSS	EFFECT OF EXCHANGE RATE FLUCTUATIONS	RECOGNISED IN OTHER COMPREHENSIVE INCOME	2020
Property, plant and equipment and intangible assets	-25 368	-6 193	-470		-5 342	-37 373	-106	1 536		-35 943
Goodwill			-85		4 175	4 090	-1 359	-252		2 479
Right-of-use assets		-98 259				-98 259	3 319	4 995		-89 945
Receivable CNC grants	-79	265				187	18			205
Trade and other receivables	-231	156	-34		374	265	-257	-5		3
Provisions	3 336	-3 655	164			-156	22			-134
Deferred CNC grants	582	-3				579	-65			514
Provisions for employee benefits	159	-33		130		257	16		-24	249
Derivative financial instruments through equity	63	8		-20		50			-28	22
Tax losses carried forward and unused tax credits	2 459	4 254	36			6 749	20 414	-980		26 183
Lease liabilities		104 040				104 040	-1 111	-5 354		97 575
Trade and other payables	435	-56	11			391	73			464
Investments in subsidiaries	-447	447					-744		744	
TOTAL	**-19 090**	**971**	**-378**	**110**	**-793**	**-19 181**	**20 220**	**-60**	**692**	**1 671**

The effect of exchange rate fluctuations in 2020 relate to deferred taxes in Canada (€ 0.2 million) and the United States (€ -0.3 million). Due to a negative pre-tax result, the tax effect on the exchange rate results relating to the non-current borrowings in Canadian Dollar and Polish Złoty from Kinepolis Financial Services NV to Kinepolis Canada LTD and Kinepolis Poznań Sp.z o.o. is recognised as a deferred tax in line with the deferred tax on the loss carried forward. This is included in the 'Investments in subsidiaries' line in the table above.

14. Inventories

IN '000 €	2019	**2020**
3D glasses	424	431
Goods purchased for resale in cinemas	3 641	1 670
Components inventory, technical department	1 419	1 507
Others	367	257
TOTAL	**5 851**	**3 865**

The cost of sales of inventories recognised in the income statement was € 11.0 million (2019: € 35.1 million).

15. Trade and other receivables

OTHER NON-CURRENT RECEIVABLES

IN '000 €	2019	**2020**
Cash guarantees	1 408	1 074
Grants – CNC	7 231	4 933
Other receivables	372	314
TOTAL	**9 011**	**6 321**

The non-current grants relate mainly to the sector-related grants that can be obtained in France from the CNC, based on the number of visitors. During 2020, € 2.7 million was transferred to other current receivables. We refer to note 4 for more information.

TRADE AND OTHER CURRENT RECEIVABLES

IN '000 €	2019	**2020**
Trade receivables	42 489	15 119
Tax receivables, other than income taxes	5 309	5 397
Deferred charges and accrued income	28	244
Tax shelter receivables	88	88
Tax shelter investments	304	304
Other receivables	5 167	5 604
TOTAL	**53 385**	**26 756**

Trade receivables decreased by € 27.4 million or 64.4%, which is mainly related to the decreased activity due to the Covid-19 pandemic.

The tax shelter receivables concern the loans made to third parties to finance and support film production in Belgium. The tax shelter investments concern the film rights the Group acquires as part of tax shelter transactions.

The other current receivables mainly include grants receivable as a result of Covid-19 for € 4.3 million (2019: € 0.0 million), which include receivables for grants to be received related to employee benefit expenses, rents and loss of turnover, among other things. Conditions attached to these receivables, were met on the balance sheet date, and the receivables were therefore recognised. In addition, the other current receivables also include the current portion of the French sector-related grants (CNC) for € 1.1 million (2019: € 2.2 million). Throughout 2020, € 2.7 million was transferred from other non-current receivables and € 4.0 million was received. As of 31 December 2019, there was an outstanding receivable related to the acquisition of MJR Digital Cinemas (€ 2.0 million), which was received during 2020.

AGEING OF THE NON-CURRENT, TRADE AND OTHER CURRENT RECEIVABLES

IN '000 €	2019			2020		
	GROSS CARRYING AMOUNT	IMPAIRMENT	NET CARRYING AMOUNT	GROSS CARRYING AMOUNT	IMPAIRMENT	NET CARRYING AMOUNT
Not yet due on reporting date	52 007	-2	52 005	27 533	-4	27 529
Less than 30 days past due	4 861		4 861	3 049	-351	2 698
Between 31 and 120 days past due	3 273	-27	3 246	2 149	-877	1 272
Between 120 days and 1 year past due	2 110	-389	1 721	2 504	-1 607	897
Over 1 year past due	1 661	-1 098	563	2 149	-1 468	681
TOTAL	**63 912**	**-1 516**	**62 396**	**37 384**	**-4 307**	**33 077**

MOVEMENT OF IMPAIRMENT ON TRADE RECEIVABLES

IN '000 €	2019	2020
BALANCE AT END OF PREVIOUS PERIOD	-1 588	-1 516
Recognised impairments	-760	-3 671
Used impairments	169	195
Reversed impairments	668	678
Effect of exchange rate fluctuations	-5	7
BALANCE AT END OF CURRENT PERIOD	**-1 516**	**-4 307**

The impairments on the trade receivables increased by € 2.8 million. This increase mainly relates to outstanding receivables from leased concessions as a result of the Covid-19 pandemic.

The value for losses is determined in accordance with IFRS 9. We refer to note 25 for more information.

There is no ageing problem for the financial assets other than trade receivables.

16. Cash and cash equivalents

IN '000 €	2019	**2020**
Cash at bank and in hand	72 473	33 007
TOTAL	**72 473**	**33 007**
Bank overdrafts used for the statement of cash flow	-115	-112
CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOW	**72 358**	**32 895**

There are no significant unavailable cash and cash equivalents.

17. Assets classified as held for sale

IN '000 €	2019	**2020**
BALANCE AT END OF PREVIOUS PERIOD	6 991	1 767
Transfer to investment property		-1 686
Sales and disposals	-4 430	
Effect of exchange rate fluctuations	174	-81
Others	-968	
BALANCE AT END OF CURRENT PERIOD	**1 767**	**0**

At the time of the acquisition of Landmark Cinemas at the end of 2017, two complexes were classified as assets held for sale: Fort McMurray and Weyburn. The assets held for sale were transferred to the Investment property category throughout 2020.

The complex in Weyburn was already closed before the end of 2017 for economic reasons, and had been put up for sale on the market. In the meantime, it was decided to demolish the building and to only sell the land. In view of the consequences of the current Covid-19 crisis, the demolition was temporarily postponed, and it is expected that the land will not be sold within a period of 12 months. Management therefore decided to transfer it to the Investment property category.

With regard to the complex in Fort McMurray, the Group has built a new, larger complex in the vicinity of the current complex. The old complex was offered for sale after the opening of the new complex in August 2018. An impairment of € 0.7 million was recorded on this complex during 2019, resulting in a net carrying amount of € 1.7 million, which is in line with the external valuation. Given the current Covid-19 crisis, it is expected that the complex will not be sold within a 12-month period. Management therefore decided to transfer it to the Investment property category.

18. Equity

The various components of equity, as well as the changes between 31 December 2020 and 31 December 2019, are set out in the consolidated statement of changes in equity.

SHARE CAPITAL
The share capital of the Company at 31 December 2020 was € 19.0 million (2019: € 19.0 million), represented by 27 365 197 ordinary shares without nominal value (2019: 27 365 197 shares). All shares are paid up in full. The share premium at 31 December 2020 was € 1.2 million (2019: € 1.2 million). The ordinary shares are entitled to a dividend, and the holders of these shares are entitled to cast one vote at the shareholder meetings of the Company.

TREASURY SHARES RESERVE
The Extraordinary General Meeting of 11 May 2016 authorised the Board of Directors to buy back 410 958 treasury shares to cover the new options to be issued. Under the 2016 Share Option Plan, the Board of Directors decided on 22 December 2017 to buy back up to 360 000 treasury shares through the grant of a discretionary mandate to an agent, either on the stock exchange or outside of it, between 15 January 2018 and 30 September 2018, whereby block trades can be considered as well during open periods. The share buyback program, which started on 15 January 2018, was terminated on Tuesday, 12 June 2018. As part of the discontinued share buyback program, Kinepolis Group has bought back 360 000 shares for a total amount of € 20 302 894.16.

In 2020, 11 495 treasury shares were sold due to exercise of options for € 0.5 million (2019: 0 shares – € 0.0 million). Furthermore, no shares were cancelled in 2020 (2019: 0 shares – € 0.0 million). The total number of treasury shares on 31 December 2020 amounts to 480 851 (2019: 492 346). These shares will be used for the current 2016 option plan.

HEDGING RESERVE
The hedging reserve contains the effective portion of the cumulative net change in the fair value of the cash flow hedges for which the hedged future transaction has not yet occurred.

TRANSLATION RESERVE
The translation reserve includes on the one hand all exchange rate differences resulting from the translation of the annual accounts of foreign entities in foreign currencies and on the other hand exchange rate differences of the translation of intra-group non-current borrowings in foreign currencies.

The increase in 2020 is mainly due to the exchange rate fluctuation of both the American and the Canadian Dollar against the Euro.

In addition, some non-current borrowings with Switzerland, Poland, Canada and the United States are considered as a net investment hedge for the participating interest in the same subsidiaries. Consequently, the translation differences on these borrowings were included in equity under the other comprehensive income.

SHARE-BASED PAYMENTS RESERVE
On 31 December 2020 a total of 419 768 options were allocated (2019: 438 000 options). These shares entitle their holders to one share per option. For more information we refer to note 20. The options will expire 8 years after the date of approval of the plan by the General Meeting, which is 11 May 2024.

DIVIDENDS TO THE SHAREHOLDERS
In view of the result and the impact of the Covid-19 virus on the business operations, the Board of Directors will propose to the General Meeting not to distribute a dividend.

NON-CONTROLLING INTERESTS
The participation of Kinepolis Group in Landmark Cinemas Holding, and consequently in Landmark Cinemas Canada, has fallen from 100% to 99.02% since July 2018. This decrease is explained by the co-investment rights received by two members of the management of Landmark Cinemas.

19. Result per share

BASIC RESULT PER SHARE
The calculation of the result per share is based on the result of € -68.9 million, attributable to the ordinary shareholders (2019: € 54.4 million), and on a weighted average of the number of ordinary shares outstanding during the financial year of 26 884 346 (2019: 26 872 851).

DILUTED RESULT PER SHARE
The calculation of the diluted result per share is based on the result of € -68.9 million attributable to the ordinary shareholders (2019: € 54.4 million) and on a weighted average of the number of diluted ordinary shares outstanding during the financial year of 27 158 344 (2019: 27 084 005).

IN '000 (unless indicated otherwise)	2019	**2020**
RESULT ATTRIBUTABLE TO OWNERS OF THE COMPANY	54 352	-68 879
Weighted average number of ordinary shares	26 873	26 884
Effect of options	211	274
Weighted average number of diluted shares	27 084	27 158
BASIC RESULT PER SHARE (IN €)	2.02	-2.56
DILUTED RESULT PER SHARE (IN €)	2.01	-2.54

20. Share-based payments

SHARE OPTION PLAN
The General Meeting approved a share option plan on 11 May 2016. 543 304 options can be allocated under this share option plan.

It was decided to set the exercise price at the average closing price of the Kinepolis share over 30 days preceding the offer. The options will expire 8 years after the date of the approval of the Plan by the General Meeting.

This new share option plan was offered to the Chairman of the Board of Directors, Executive Management and eligible management staff of the Company or its subsidiaries on 29 December 2016.

As at 28 February 2017, a total of 396 500 options were allocated. On 31 December 2017, a total of 23 500 options were offered to the executive management of Landmark Cinemas. These were granted in full on 5 January 2018. Throughout 2020, no options were granted (2019: 21 000), 11 495 options were exercised (2019: 0) and 6 737 options were forfeited (2019: 0).

The fair value of these share-based payments was estimated when these options were allocated. The Black-Scholes model is used for this.

The expected volatility is based on the historic volatility calculated on the basis of five years.

For more information we refer to note 5.

AMOUNTS IN € (unless indicated otherwise)	12/2016 (1)	12/2017	04/2019	10/2019
Fair value of allocated options	7.30 / 9.71	12.91	8.87	9.98
Share price at grant date	44.19 / 48.29	57.30	51.30	57.80
Exercise price	41.55	48.25	49.75	53.40
Expected volatility	23.43% / 23.53%	25.45%	26.41%	24.81%
Original expected term (in years)	8	7	6	5
Expected dividend growth	7.86%	7.86%	8.30%	8.30%
Risk-free interest rate	-0.14%	0.01%	-0.179%	-0.443%

(1) Due to the evolution of the share price during the period of acceptance, two fair values were calculated for the allocated options, based on above listed parameters.

The options are exercisable for the first time during the first exercise period that falls in the fourth calendar year after the year in which the options were offered to the participants. The options only become unconditional once the other party has been employed for a certain period.

The options can be permanently acquired in tranches. For the options granted in 2017, the first tranche of 16.66% is acquired at the time of their granting. The other tranches of 16.66% per year during the five years after their grant date.

For the options granted in 2018, the first tranche of 20% is acquired at the time of their granting. The other tranches of 20% per year during the four years after their grant date. Concerning the options granted in 2019, the tranches are different between the grants in April and October. The first tranche of 16.66% / 25% is acquired at the time of their granting. The other tranches of 16.66% / 25% per year during five / three years after their grant date.

AMOUNTS IN € (unless indicated otherwise)	2019		**2020**	
	NUMBER OF OPTIONS	AVERAGE FAIR VALUE	NUMBER OF OPTIONS	AVERAGE FAIR VALUE
OUTSTANDING OPTIONS AT END OF PREVIOUS PERIOD	417 000		438 000	
Options allocated during the year	21 000	9,40		
Options exercised during the year			-11 495	19,09
Options forfeited during the year			-6 737	
OUTSTANDING OPTIONS AT END OF CURRENT PERIOD	438 000	9,34	419 768	9,37

21. Loans and borrowings

This note provides information on the Group's interest-bearing loans and borrowings. For further information on the contractual terms of these loans and borrowings and the Group's exposure to interest and foreign currency risks, we refer to note 25.

NON-CURRENT LOANS AND BORROWINGS

IN '000 €	2019	**2020**
Public bond	15 878	15 878
Private placement of bonds	446 000	446 000
Loans and borrowings with credit institutions	20 256	10 157
Transaction costs refinancing	-2 621	-2 153
TOTAL	**479 513**	**469 882**

CURRENT LOANS AND BORROWINGS

IN '000 €	2019	**2020**
Roll-over credit		66 500
Loans and borrowings with credit institutions	10 099	10 099
TOTAL	**10 099**	**76 599**

Kinepolis Group issued a € 75.0 million bond in March 2012, with maturity in March 2019. The bond was partially extended until June 2023 in June 2015. In March 2019, € 59.1 million was repaid, as of 31 December 2020 the remaining outstanding debt is € 15.9 million.

In January 2015, the Group concluded a private placement of bonds with institutional investors for an amount of € 96.0 million. € 61.4 million was placed with a term of 7 years, € 34.6 million with a term of 10 years, both at a fixed interest rate.

In December 2017, the Group concluded a private placement of bonds with institutional investors for € 125.0 million. € 60.0 million was placed with a term of 8 years and € 65.0 million with a term of 10 years, both at a fixed interest rate.

In July 2019, the Group concluded a private placement of bonds with institutional investors for an amount of € 225.0 million. The full amount was placed with a term of 7.5 years and a fixed interest rate.

A credit agreement for a roll-over credit was concluded in 2012. This credit agreement was revised and extended in December 2019. As of 31 December 2020, there is an outstanding draw on the roll-over credit of € 66.5 million (2019: € 0.0 million). This credit facility was extended in December 2015, following the Utopolis acquisition, with a 7-year term loan with annual repayments. In 2017, the credit facility was extended once again with a 5-year term loan with annual repayments. On 31 December 2020, € 20.3 million of the term loans were outstanding (2019: € 30.4 million). For more information we refer to note 25.

The transaction costs are recognised in the result over the term of the financing. The amount not taken into the result is deducted from the interest-bearing loans, at the end of 2020 this amounts to € 2.2 million (2019: € 2.6 million).

Throughout 2020, the cinema industry and Kinepolis were badly hit by the Covid-19 pandemic, resulting in cinema closures, capacity restrictions and postponements of Hollywood blockbuster releases. In order to be prepared for possible longer delays before the full resumption of its activities, Kinepolis has taken out an additional loan with its main bankers on 8 January 2021 of € 80.0 million for a period of 3 years, at a variable interest rate and supported by a government guarantee. For more information we refer to note 25 and 31.

RECONCILIATION BETWEEN THE MOVEMENT OF THE FINANCIAL LIABILITIES AND THE CONSOLIDATED STATEMENT OF CASH FLOW

IN '000 €	NOTE	FINANCIAL LIABILITIES		EQUITY			TOTAL
		LOANS AND BORROWINGS	LEASE LIABILITIES	TREASURY SHARES RESERVE	RETAINED EARNINGS	NON-CONTROLLING INTERESTS	
BALANCE AT 31/12/2019		**489 612**	**416 143**	**-22 830**	**210 985**	**281**	**1 094 192**
Cash flow from financing activities							
Investment contributions	*26*		3 340				3 340
Payment of lease liabilities incl. forgiveness of lessee's lease payments	*26*		-9 244				-9 244
Proceeds from loans and borrowings	*25*	66 500					66 500
Repayment of loans and borrowings	*25*	-10 099					-10 099
Payment of transaction costs with regard to refinancing obligations	*25*	-45					-45
Interest paid	*7*	-14 501					-14 501
Interest received	*7*				5		5
Paid interest related to lease liabilities	*26*		-10 248				-10 248
Sale of treasury shares	*20*			220	258		478
NET CASH FLOW – USED IN / + FROM FINANCING ACTIVITIES		**41 855**	**-16 152**	**220**	**263**		**26 186**
Other adjustments							
Interest expenses	*7*	14 161					14 161
Refinancing cost	*25*	513					513
Capitalised interest expenses	*7*	159					159
Movement accrued interest	*25*	181					181
Movement lease liabilities	*26*		-6 379				-6 379
Total other adjustments		15 014	-6 379				8 636
Total other equity adjustments					-68 700	-277	-68 977
BALANCE AT 31/12/2020		**546 481**	**393 612**	**-22 610**	**142 548**	**4**	**1 060 037**

22. Provisions

The provisions primarily consist of the restoration of land and a number of disputes.

SITE RESTORATION
The lease of the Brussels (BE) cinema complex on the land owned by the City of Brussels has a definite term. The Company has a contractual obligation to restore the land to its original state.

At 31 December 2020, the provision for the demolition of the building and the reinstatement of the land to its original state was € 1.4 million (2019: € 1.3 million).

DISPUTES
At 31 December 2020, the provision for disputes was € 0.9 million (2019: € 1.5 million). These relate to disputes regarding personnel matters and disputes from third parties for the purpose of obtaining compensation. When these provisions will be used or taken back depends on the outcome of the related legal disputes, and is therefore uncertain. The estimates and judgements that primarily impact the amount of the provisions are the estimated costs, the expected likelihood and the timing of the cash outflows. They are based on the most recent available information at the balance sheet date.

UNFAVOURABLE LEASES
As of 1 January 2019 the Group applies the new standard IFRS 16: Leases. As a result, as of 1 January 2019, a reclassification of the provisions for unfavourable leases took place. These were previously recognised in Provisions and decreased Right-of-use assets on 1 January 2019 by € 14.2 million.

IN '000 €	2019	**2020**
BALANCE AT END OF PREVIOUS PERIOD	16 806	2 833
Additions of provisions	497	54
Unwinding of provisions	38	38
Use of provisions	-193	-284
Reversal of provisions	-94	-334
Effect of exchange rate fluctuations	15	-17
Transfer to right-of-use assets	-14 236	
BALANCE AT END OF CURRENT PERIOD	2 833	2 290
Balance at end of current period (non-current)	2 284	2 021
Balance at end of current period (current)	549	269
TOTAL	**2 833**	**2 290**

23. Trade and other payables

OTHER NON-CURRENT PAYABLES

IN '000 €	2019	**2020**
Deferred grants - CNC	6 028	5 396
Other payables	911	960
TOTAL	**6 939**	**6 356**

The other non-current payables primarily comprise the grants that can be claimed from the CNC in France based on the number of visitors. These grants of € 5.4 million (2019: € 6.0 million) are recognised as 'Other operating income' in line with the depreciation of the assets for which these grants were obtained. We refer to note 4 for more information.

TRADE AND OTHER CURRENT PAYABLES

IN '000 €	2019	**2020**
Trade payables	108 912	56 607
Payables related to remuneration and social security	13 243	14 726
Accrued charges and deferred income	3 362	3 564
Tax payables, other than income taxes	6 614	3 212
Other payables	609	226
TOTAL	**132 740**	**78 335**

Trade payables decreased by € 52.3 million, or 48.0%, which is mainly related to the decreased activity due to the Covid-19 pandemic.

The decrease in tax payables, other than income taxes, is mainly explained by a decrease in liabilities related to VAT and city taxes as a result of the reduced activity due to the Covid-19 pandemic.

On 31 December 2020, the accrued interest expenses with respect to the public and private bonds issued and the roll-over credit amounted to € 3.5 million (2019: € 3.2 million for the public and private bonds issued). The deferred income was € 0.1 million (2019: € 0.1 million).

There is an increase in payables with regard to remuneration and social security of € 1.5 million. In Belgium and the Netherlands, among others, companies affected by the consequences of the Covid-19 pandemic were granted a postponement of social security contributions, as a result of which the total debts relating to remuneration and social security contributions increased. This was partly offset by the support measures received from the various governments with regard to remuneration on the one hand, and the reduced activity on the other, both as a result of the Covid-19 pandemic.

The trade payables also include the current contractual obligation with regard to gift vouchers. This amounts to € 20.7 million on 31 December 2020 (2019: € 27.5 million). The evolution of the balance of the current obligation with regard to the gift vouchers depends on the evolution of the number of visitors and the period in which they can be used. The gift vouchers have an average duration to maturity of less than 12 months in Europe. In the United States, gift vouchers have a duration of five years, and gift vouchers have an unlimited duration in Canada. The expiry dates of gift vouchers have been extended due to the Covid-19 pandemic.

CURRENT CONTRACTUAL OBLIGATION WITH REGARD TO THE GIFT VOUCHERS

IN '000 €	2019	**2020**
BALANCE AT END OF PREVIOUS PERIOD	22 227	27 475
Acquisitions through business combinations	2 203	
Newly issued gift vouchers	62 397	12 859
Gift vouchers exercised or expired	-59 353	-19 599
BALANCE AT END OF CURRENT PERIOD	**27 475**	**20 735**

24. Current taxes

IN '000 €	2019	**2020**
Current tax assets	1 303	7 431
Current tax liabilities	2 574	306

The current tax assets amount to € 7.4 million (2019: € 1.3 million).

The current tax assets mainly consist of a receivable as a result of the so-called 'carry back' system in Belgium for € 5.9 million. This in response to the law of 23 June 2020, published on 1 July 2020, regarding the temporary tax exemption of profits pending tax losses realised in the Covid-19 period. This law allows for the early deduction of the losses of the year 2020, as a result of the Covid-19 pandemic, by offsetting them against the profits for 2019. There is also a 'carry back' option in Canada, which was already in place before the Covid-19 pandemic, resulting in a receivable of € 0.5 million. Due to the 'carry back' system, a current income tax, instead of a deferred income tax, is included in the income statement, and a current tax asset instead of a deferred tax asset on the balance sheet. We refer to notes 8 and 13 for more information

In addition, there are current tax assets in the Netherlands (€ 0.5 million), Luxembourg (€ 0.3 million), Belgium (€ 0.1 million) and Spain (€ 0.1 million), partly due to prepayments already made.

Current tax liabilities decreased from € 2.6 million to € 0.3 million, mainly due to a lower result before tax as a consequence of the Covid-19 pandemic. The current tax liability consists of tax payable in Belgium (€ 0.2 million) and France (€ 0.1 million).

25. Risk management and financial instruments

RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT
The Group's principal financial instruments are bank loans, private and public bonds, lease liabilities and cash.

The Group has various other financial instruments, such as trade and other receivables and payables, which arise directly from its operations.

The Group also enters into derivative financial instruments, primarily forward rate contracts, interest rate swaps and foreign exchange forward contracts. The purpose is to manage the interest rate risks and foreign currency risks arising from the Group's activities and its sources of financing.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. It is Group policy to negotiate the terms of the derivative financial instruments to match the terms of the hedged item, so as to maximise hedge effectiveness.

It is Group policy not to allow the use of derivative financial instruments for speculative purposes.

The Board of Directors investigates and approves policies for managing each of these risks. These policies are summarised below. The accounting treatment of the derivative financial instruments is included in the accounting policies.

INTEREST RATE RISK
The Group's exposure to market risk arising from changes in interest rates primarily relates to the Group's current and non-current loans and borrowings.

Group policy is to manage interest rate expenses with a mixture of fixed and variable interest rate liabilities. To manage this mix in a cost-efficient manner, the Group can enter into certain transactions:

- Interest rate swaps and forward rate contracts in which the Group agrees to exchange, at specified intervals, the difference between the fixed and variable interest amounts, calculated by reference to a pre-agreed principal amount;
- Interest rate derivatives with fixed ceilings, hence limiting the impact of interest rate fluctuations.

The Group pursues a conservative financial policy and, since 2008, only uses derivative financial instruments to hedge the interest rate risk. At the balance sheet date, the Group had only interest rate swaps outstanding, on which the Group receives a variable interest rate equal to EURIBOR and pays a fixed interest rate. These swaps are used to cover the variability in the cash flows of the underlying loans. These interest rate swaps are classified as cash flow hedges in accordance with IFRS 9 hedge accounting. Consequently the portion of the profit or loss on the interest rate swap, which can be considered to be an effective hedge, is recognised directly in equity. The total changes in the fair value of the interest rate swaps before deferred tax and recognised in equity gives rise to a € 0.1 million increase in equity on 31 December 2020 (2019: € 0.0 million).

On 31 December 2020, taking into account the effect of interest rate swaps, 86.35% of the Group's borrowings had been contracted at a fixed interest rate (2019: 97.45%).

INTEREST RATE RISK SENSITIVITY ANALYSIS
The interest-bearing loans at the balance sheet date were € 548.6 million (2019: € 492.2 million). € 86.8 million or 15.8% of the interest-bearing loans have a variable interest rate, without taking into account the effect of the interest rate swaps (2019: € 30.4 million or 6.2%).

Total interest expenses, excluding interest expenses related to the IFRS 16 lease liabilities, charged to the income statement in 2020, amount to € 14.7 million (2019: € 11.0 million).

The loan of € 41.6 million with variable interest was fixed with an interest rate swap at the beginning of 2016. The outstanding balance at the end of 2020 was € 11.9 million (2019: € 17.8 million).

FOREIGN CURRENCY RISK
The Group has a foreign currency risk on positions that derive from purchases or sales and from outstanding borrowings with group companies in currencies other than the functional currency (Euro) (transactional risk). Group policy is focused to limit the cash impact of exchange rate fluctuations on the result as much as possible. Derivative instruments can be used at any time to hedge this risk.

26.2% of the sales of the group companies are denominated in currencies other than the functional currency, in particular the sales of Landmark Cinemas (Canada) in Canadian Dollar and the sales of MJR Digital Cinemas (United States) in US Dollar. Given the fact that the cash flows from these countries are reinvested in the countries concerned, there are no forward contracts to hedge the foreign currency risk of the operational cash flows from these countries. The purchases of the subsidiaries of the Group mainly concern the purchases of materials by the Group in US and Canadian Dollar. On 31 December 2020, the Group has no outstanding forward exchange contracts (2019: $ 0.0 million) with the intention of hedging this risk.

Loans between Kinepolis Financial Services NV or Kinepolis Group NV and other group companies are expressed in the currency of the latter. Foreign exchange results regarding the non-current loans in Canadian Dollar, US Dollar, Swiss Franc and Polish Złoty from Kinepolis Financial Services NV to Kinepolis Canada LTD, Kinepolis Schweiz AG and Kinepolis Poznań Sp.z o.o, as well as from Kinepolis Group NV to Kinepolis US Inc are recognised in other comprehensive income, as these loans are considered to be part of the Group's net investment in these foreign entities.

The following foreign exchange rate results were recorded directly in equity, before tax:

IN '000 €	2019	**2020**
Canadian Dollar	3 303	-3 281
US Dollar	-1 891	-7 063
Polish Złoty	-1 278	-600
Swiss Franc	1 460	54
TOTAL	**1 594**	**-10 890**

The Group is also exposed to a foreign currency risk due to the inclusion in the consolidation of foreign companies that do not have the Euro as their functional currency (Canada, United States, Switzerland and Poland). This translation risk is not hedged. Only the US and Canadian Dollar have a material effect.

The tables below state the possible exchange rate changes for the Canadian Dollar, US Dollar, Polish Złoty and Swiss Franc against the Euro, estimated on the basis of theoretical and actual volatility. The actual volatility has been determined based on the evolution of the rate over the past 5 years.

SENSITIVITY ANALYSIS FOR FOREIGN CURRENCY RISK

1 EURO CORRESPONDS TO:	CLOSING RATE 31/12/2020	AVERAGE RATE 2020	THEORETICAL VOLATILITY	POSSIBLE CLOSING RATE 31/12/2020	POSSIBLE AVERAGE RATE 2020
Canadian Dollar	1.5633	1.5300	10%	1.41 - 1.72	1.38 - 1.68
US Dollar	1.2271	1.1422	10%	1.10 - 1.35	1.03 - 1.26
Polish Złoty	4.6148	4.4430	10%	4.15 - 5.08	4.00 - 4.89
Swiss Franc	1.0802	1.0705	10%	0.97 - 1.19	0.96 - 1.18

If, at the balance sheet date, the Canadian Dollar, the US Dollar, the Polish Złoty and the Swiss Franc had strengthened/weakened as indicated above, and all other variables being constant, the result of 2020 would have been € 4.7 million lower or € 3.8 million higher, and equity would be € 17.7 million higher or € 14.5 million lower at the end of 2020. Only the Canadian Dollar and the US Dollar have a material impact in the above sensitivity analysis.

1 EURO CORRESPONDS TO:	CLOSING RATE 31/12/2020	AVERAGE RATE 2020	ACTUAL VOLATILITY	POSSIBLE CLOSING RATE 31/12/2020	POSSIBLE AVERAGE RATE 2020
Canadian Dollar	1.5633	1.5300	7.67%	1.44 - 1.68	1.41 - 1.65
US Dollar	1.2271	1.1422	9.38%	1.11 - 1.34	1.04 - 1.25
Polish Złoty	4.6148	4.4430	5.63%	4.35 - 4.87	4.19 - 4.69
Swiss Franc	1.0802	1.0705	6.68%	1.01 - 1.15	1.00 - 1.14

If, at the balance sheet date, the Canadian Dollar, the US Dollar, the Polish Złoty and the Swiss Franc had strengthened/weakened as indicated above, and all other variables being constant, the result of 2020 would have been € 3.6 million lower or € 3.1 million higher, and equity would be € 14.7 million higher or € 12.4 million lower at the end of 2020. Only the Canadian Dollar and the US Dollar have a material impact in the above sensitivity analysis.

CREDIT RISK
The credit risk with respect to trade receivables is the risk of financial loss to which the Group is exposed if a customer fails to meet his/her contractual obligations. Credit losses are recognised on the basis of a model based on 'expected credit losses' in line with IFRS 9 – Financial Instruments. The application of this model requires judgement by the Group, taking into account the impact of changes in economic factors on expected credit losses.

In accordance with IFRS 9, the loss allowances will be determined on the following basis:

- *The 12-month expected credit losses:* these are expected credit losses that result from possible default events that take place within 12 months after the end of the reporting date;
- *Expected credit losses over the full life cycle:* these are expected credit losses that result from possible default events over the expected life of a financial instrument.

Both historical and forward-looking information are taken into account.

The determination on the basis of expected credit losses over the full life cycle always applies to trade receivables and contractual assets without a significant financing component.

In normal circumstances, the majority of the activities of the Group are cash-based transactions. It is Group policy that all customers who wish to trade on credit terms are subject to a credit verification procedure. In addition, the receivable balance is continuously monitored.

However, as a result of the worldwide outbreak of the Corona virus in 2020, Kinepolis was forced to close all its cinemas as of mid-March. Kinepolis resumed operations in almost all countries at the beginning of the summer. In each country, the operation of the cinemas has been subject to significant, constantly changing capacity restrictions since reopening, as well as other measures to protect the health of staff and visitors. As a result of the increasing spread of the virus once again, additional measures were introduced in all countries, with Kinepolis again forced to close most of its cinemas in the autumn. These forced closures and restrictions also affect the Group's concession holders.

In order to take these current circumstances into account, the Group has placed more weight on forward-looking information, rather than historical information, in determining expected credit losses, and has taken an increased risk of non-payment into account. The Group has only applied this to the trade receivables from concession holders, and not to the cinema related turnover, as this is a cash-based business. As a result, the increase in the provision for expected credit losses amounts to € 2.8 million (2019: € -0.1 million). We refer to note 15 for more information.

With regard to credit risk from the other financial assets of the Group, including cash and cash equivalents, financial assets measured at fair value through other comprehensive income and certain derivative financial instruments, the Group's exposure to credit risk consists of the counterparty default risk, with a maximum exposure equal to the carrying amount of these instruments.

There are no significant concentrations of credit risk within the Group. The Group has no customers that account for more than 10% of revenue.

LIQUIDITY RISK
The Group's goal is to ensure that there is sufficient financing for the long term. The financing need is determined on the basis of the strategic long-term plan. Various credit forms are used to guarantee the continuity and flexibility of the financing, including bonds, credit lines and bank loans. The Group's liquidity is managed through the in-house bank, Kinepolis Financial Services NV.

Kinepolis started 2020 with a substantial reserve of € 197.0 million in cash and cash equivalents and available credit lines. The strategy and nature of the Company, characterised by a maximum variability of costs, a solid real estate position, with a large proportion of cinema real estate being owned, a self-learning organisation and a 'facts-and-figures'-driven corporate culture, have helped Kinepolis to respond quickly and decisively to the current crisis. The Group has taken various measures in recent months to protect its customers, employees and the Company in the light of the Covid-19 pandemic and the measures taken by the authorities.

Kinepolis has made every effort to adjust its costs as much as possible and in the very short term to the impact of the Covid-19 virus on its activities. The measures taken include a drastic scaling back of the number of active employees, thereby drawing on the support measures in each country, both in cinemas and at the support services level in the national and international headquarters. In addition, various measures were taken to limit the 'cash out', such as the decision not to pay a dividend for 2019, negotiations with suppliers and the owners of leased cinemas with a view to obtaining financial compensations as a result of the reduction or closure of the activities, as well as the maximum postponement of all investments, except for the new-build projects already in progress.

In order to be prepared for possible longer delays before the full resumption of its activities, Kinepolis has taken out an additional loan of € 80.0 million with its main bankers for a period of 3 years, with a variable interest rate. On account of its strong balance sheet, the rigorous cost control measures applied, the solid real estate position and the back-up of an 80% state guarantee provided in Belgium by Gigarant, Kinepolis has succeeded in concluding the additional credit at attractive commercial terms.

Kinepolis Group had € 171.0 million in liquidity at the start of 2021, consisting of cash and cash equivalents and available credit lines, including the new € 80.0 million credit concluded at the beginning of January 2021. Strong cost management, supported by the significant real estate position of the Group, ensures that Kinepolis can confidently navigate through the crisis and continue to cope with the negative effects of the Covid-19 pandemic for a considerable period of time. In this context, the banks also extended the suspension of the credit covenants ('covenant holiday') until 30 June 2022. A suspension until 30 June 2021 had already been obtained in 2020. This is further explained in 'Financial instruments'.

Thanks to the measures taken, Kinepolis therefore has sufficient liquidity to deal with this crisis. Kinepolis has pursued a prudent financial policy in recent years. This has resulted in an average term of more than 4,5 years for the outstanding financial liabilities. The first major repayment of its bonds will not take place until the end of January 2022 (€ 61.4 million).

CAPITAL MANAGEMENT

Board of Directors' policy is aimed at maintaining a strong capital position in order to retain the confidence of investors, creditors and markets and to safeguard the future development of the business activities. The Board of Directors monitors the return on equity, which is defined by the Group as the operating result divided by equity, excluding non-controlling interests. The Board of Directors also monitors the level of the dividend payable to the shareholders, if circumstances permit.

The Board of Directors seeks a balance between the higher return that is potentially available with a higher level of debt on the one hand, and the benefits and security of a solid equity position on the other. In seeking this balance, the Board of Directors' objective is to achieve the predefined level of ratios of net financial debt to EBITDAL and net financial debt to equity.

The Board of Directors believed that the ratios of net financial debt to equity and net financial debt to EBITDA were at risk of becoming too low as from mid 2010, and therefore proposed to the General Meeting to reduce the share capital and to buy back and destroy treasury shares with the aim of improving the ratios, and thereby create shareholder value. After approval by the Extraordinary General Meeting of 20 May 2011, the capital was therefore reduced by € 30.0 million and shares were bought back between 2011 and 2015, for the hedging of options on the one hand, and for cancellation on the other, which has taken place in the meantime. The expansion strategy of Kinepolis Group was started in 2014 and, due to the success of this expansion program, the capital optimisation program was stopped in 2015. The Group continues to strive for a combination of a higher-than-average market return with a lower-than-average risk through the combination of its strategic pillars with an expansion strategy based on improvement potential, and a cautious financial policy with regard to the debt ratio, taking the real estate position of the Group into account.

Kinepolis Group bought 360 000 shares for a total amount of € 20 302 894.16 in 2018. The total number of treasury shares on 31 December 2020 amounts to 480 851 (2019: 492 346). These shares are intended to cover the Group's current stock option plan. In 2020 11 495 treasury shares were sold and no treasury shares were bought back.

FINANCIAL INSTRUMENTS

DEBT PORTFOLIO

On 15 February 2012, within the framework of the refinancing of its existing syndicated credit and the financing of the further general development of the Group, Kinepolis Group NV signed a € 90.0 million credit agreement with ING Belgium, KBC Bank and BNP Paribas Fortis until 31 March 2017 (roll-over credit). At the end of June 2015, this existing credit facility was renewed with the bank consortium for the full term until the end of June 2020. In May 2016, the term of the existing credit agreement for € 90.0 million was extended by one year, to June 2021. In December 2019, the existing credit agreement for the roll-over credit was revised and extended. Belfius was added to the existing bank consortium, and the roll-over credit was expanded from € 90.0 million to € 120.0 million. Of this, € 30.0 million can be drawn in a currency other than Euro. In addition, the term was extended to December 2024, with a possible additional two-year extension option to December 2026. On 31 December 2020, there is an outstanding draw of € 66.5 million on this credit facility.

In addition, this credit facility was extended in December 2015, following the Utopolis acquisition, with a 7-year term loan with annual repayments. In 2017, the credit facility was extended once again, with a 5-year term loan with annual repayments. On 31 December 2020, € 20.3 million of the term loans were outstanding (2019: € 30.4 million).

On 6 March 2012, the Group issued an unsubordinated bond in Belgium for € 75.0 million. The bonds mature in 7 years, and have a fixed annual gross interest of 4.75%. On 12 May 2015, Kinepolis Group NV announced the launch of an unconditional public exchange offer on all outstanding € 75.0 million fixed interest bonds with a gross interest of 4.75% and a maturity date on 6 March 2019. Holders of the existing bonds had the opportunity to exchange their existing bonds for new bonds to be issued by Kinepolis Group NV with a nominal value of € 1 000, a gross nominal interest of 4.0% per year and a term of 8 years, with maturity date on 9 June 2023 (the 'New Bonds'). Bonds with a total value of € 15.9 million were exchanged. € 59.1 million was repaid on 6 March 2019.

In January 2015, the Group also concluded a private placement of bonds with institutional investors for € 96.0 million: € 61.4 million was placed with a term of 7 years, € 34.6 million with a term of 10 years. A fixed annual gross interest is paid on both bonds. This private placement complies with the Group's financial strategy and serves to support expansion by increasing the diversification of the sources of financing and by refinancing the existing credits.

In December 2017, the Group concluded a private placement of bonds with institutional investors for an amount of € 125.0 million: € 60.0 million was placed with a term of 8 years, and € 65.0 million with a term of 10 years. A fixed annual gross interest is paid on both bonds. This private placement was primarily used to finance the acquisition of Landmark Cinemas in Canada.

In July 2019, the Group concluded a private placement of bonds with institutional investors for € 225.0 million, with a term of 7.5 years. A fixed annual gross interest is paid on the bond. The private placement was mainly used to finance the various acquisitions in 2019, investments in the renovation of existing complexes and the construction of new complexes.

Throughout 2020, the cinema industry and Kinepolis were badly hit by the Covid-19 pandemic, resulting in cinema closures, capacity restrictions and postponements of Hollywood blockbuster releases. In order to be prepared for possible longer delays before the full resumption of its activities, Kinepolis has taken out an additional loan with its main bankers on 8 January 2021 of € 80.0 million for a period of 3 years, at a variable interest rate. Because of the strong balance sheet, the strong cost control measures, the solid real estate position and the back-up of an 80% state guarantee provided by Gigarant in Belgium, Kinepolis succeeded in concluding the additional credit at attractive commercial terms.

No securities were provided. Only a number of conditions apply with regard to the sale or the guaranty of certain of the Group's assets to a third party. Kinepolis is required to comply with conditions relating to, among others, the maximum debt ratio (covenants) on its bank debt.
This relates to the roll-over credit of € 120.0 million (with an outstanding draw of € 66.5 million) and a term loan of € 20.3 million per 31 December 2020. The new credit taken out at the beginning of January 2021 for an amount of € 80.0 million is also covered by these covenants. No covenants apply to the majority of the other debts. There is only an increase in interest on the private placement of 2019 if a specific debt ratio is exceeded.

The calculation of the covenants as well as the maximum or minimum values were adjusted during the revision of the credit agreement in 2019. The financial covenants consist of a maximum leverage ratio of 3.75, which temporarily increases to 4.25 in the case of a material acquisition, and a minimum interest coverage ratio of 4.5. In addition, there are a number of potentially restrictive commitments that restrict or prohibit certain trading transactions. The definitions of the covenants have been adapted to the standard IFRS 16: Leases. As such, for the determination of the leverage ratio, among other things, the net financial debt is corrected for the lease liabilities on the one hand, and the EBITDA is corrected for the impact of IFRS 16 on the EBITDA on the other.

As a result of the Covid-19 pandemic, Kinepolis has reached an agreement with its financial institutions to allow a suspension of the credit covenants ('covenant holiday') until 30 June 2022. This means that, among other things, the conditions relating to the maximum debt ratio in relation to the EBITDAL, being EBITDA adjusted for rent, will be temporarily suspended until the half-year figures of 30 June 2022. These conditions, which only apply to bank debt, will be replaced by, among other things, a liquidity covenant, which means that the sum of the available cash and confirmed credit lines must be at least € 30.0 million during the term of this 'covenant holiday'. In line with the existing bank credit facilities, the additional credit of € 80.0 million provides for a number of conditions that limit the disposal of assets, acquisitions and the payment of dividends above a financial debt level of 3.75.

The interest payable on term loans is calculated on the basis of the EURIBOR applicable for the selected borrowing period, plus the negotiated margin. The average interest rate of the debt portfolio on 31 December 2020 was 2.62% (2019: 2.70%). As the vast majority of the loans are at a fixed interest rate, no sensitivity analysis was performed for the remaining variable part.

FINANCIAL LIABILITIES – FUTURE CASH FLOWS

The following table gives an overview of the contractual maturities for the non-discounted financial liabilities at 31 December 2020, including the estimated interest payments:

IN '000 €				**2020**
	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
Private placement of bonds	12 256	201 176	299 958	513 390
Public bond	635	17 148		17 783
Trade payables	56 607			56 607
Loans and borrowings with credit institutions [1]	77 454	10 360		87 814
Bank overdrafts	112			112
Non-derivative financial liabilities	147 064	228 684	299 958	675 706
Interest rate swaps		87		87
Derivative financial instruments		87		87
TOTAL	**147 064**	**228 771**	**299 958**	**675 793**

(1) The roll-over credit, with an outstanding draw of € 66.5 million per 31 December 2020 is presented as current. This does not concern an actual payment obligation as the credit can be redrawn again.

The following table gives an overview of the contractual maturities for the non-discounted financial liabilities at 31 December 2019, including the estimated interest payments:

IN '000 €				2019
	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
Private placement of bonds	12 256	107 109	405 156	524 521
Public bond	635	17 783		18 418
Trade payables	108 912			108 912
Loans and borrowings with credit institutions	10 481	20 632		31 113
Bank overdrafts	115			115
Non-derivative financial liabilities	132 399	145 524	405 156	683 079
Interest rate swaps		169		169
Derivative financial instruments		169		169
TOTAL	**132 399**	**145 693**	**405 156**	**683 248**

In respect of interest-bearing loans and borrowings with a variable interest rate, the following table gives an overview of the expected maturities.

IN '000 €		2019		**2020**
	TOTAL	< 1 YEAR	TOTAL	< 1 YEAR
Loans and borrowings with credit institutions	30 355	10 099	86 756	76 599
Bank overdrafts	115		112	
TOTAL	**30 470**	**10 099**	**86 868**	**76 599**

HEDGING ACTIVITIES

The Group uses derivative financial instruments to hedge the interest rate risk and the foreign currency risk. All derivative financial instruments are measured at fair value.

The following tables give the remaining term of the outstanding derivative financial instruments at balance sheet date. The amounts given in this table are the nominal values.

IN '000 €				**2020**
	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
Interest rate swaps	5 949	5 907		11 856
TOTAL	**5 949**	**5 907**		**11 856**

IN '000 €				2019
	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
Interest rate swaps	5 949	11 856		17 805
TOTAL	**5 949**	**11 856**		**17 805**

FAIR VALUE

The fair value is the amount at which an asset can be traded or a liability settled in an orderly transaction between well-informed, willing parties, following the arm's length principle.

The following table discloses the actual fair value and the carrying amount of the main interest-bearing financial loans and borrowings (measured at amortised cost).

IN '000 €	2019		**2020**	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Private placement of bonds – fixed interest rate	446 000	452 610	446 000	446 000
Public bond – fixed interest rate	15 878	17 037	15 878	15 878
Interest-bearing loans – variable interest rate	30 355	30 355	86 756	86 756
Bank overdrafts	115	115	112	112
Transaction costs refinancing	-2 621	-2 621	-2 153	-2 153
TOTAL	**489 727**	**497 496**	**546 593**	**546 593**

For 2020 the fair value is in line with the carrying amount given the illiquidity of the market. This was also reflected in the attractive commercial terms of the new loan of € 80.0 million at the beginning of January 2021.

In 2019 the fair value was determined by discounting the future cash flows based on an interest rate of:

- 2.08% for the public bond with fixed interest rate (Level 2);
- 1.96% for the private placement of bonds of 2015 with fixed interest rate (Level 2) for the bond with a term of 7 years, and 2.47% for the part of the bond with a term of 10 years;
- 1.98% for the private placement of bonds of 2017 with fixed interest rate (Level 2) for the bond with a term of 8 years, and 2.63% for the part of the bond with a term of 10 years;
- 2.66% for the private placement of bonds of 2019 with fixed interest rate (Level 2) for the bond with a term of 7.5 years.

The fair value of the other non-derivative financial assets (loans and receivables) and liabilities (measured at amortised cost) is equal to the carrying amount.

The following table gives the nominal or contractual amounts and the actual fair value of all outstanding derivative financial instruments (cash flow hedging instruments). The nominal or contractual amounts reflect the volume of the derivative financial instruments outstanding at the balance sheet date. As such, they represent the Group's risk on these transactions.

IN '000 €	2019		**2020**	
	NOMINAL VALUE	FAIR VALUE	NOMINAL VALUE	FAIR VALUE
Interest rate swap	17 805	-169	11 856	-87
TOTAL	**17 805**	**-169**	**11 856**	**-87**

The fair value of financial instruments related to the interest rate is determined by discounting the expected future cash flows, taking into account the current market interest rates and the interest rate curve for the remaining life of the investment. There were no outstanding foreign exchange forward contracts at 31 December 2020.

The fair value of the derivative instruments is included in the balance sheet of the Group as follows (value before taxes):

IN '000 €	2019			**2020**		
	ASSETS	LIABILITIES	NET VALUE	ASSETS	LIABILITIES	NET VALUE
Non-current		-169	-169		-87	-87
TOTAL		**-169**	**-169**		**-87**	**-87**

The change in the fair value of the derivative financial instruments on the balance sheet is as follows:

IN '000 €	NOMINAL VALUE	CARRYING AMOUNT		INCLUDED IN THE FOLLOWING LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION	CHANGES IN THE FAIR VALUE OF THE HEDGING INSTRUMENT INCLUDED IN OTHER COMPREHENSIVE INCOME
		ASSETS	LIABILITIES		
Interest rate swap	11 856		-87	Derivative financial instruments	82

FAIR VALUE – HIERARCHY

The following table provides an overview of financial instruments recognised at fair value by the valuation method. The different levels are defined as follows:

- Level 1: quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: input that does not refer to any quoted market price included in Level 1, and that is observable for the asset or the liability, either directly (i.e. as price) or indirectly (i.e. derived from price).
- Level 3: input for the asset that is, or the liability that is not based on observable market data (unobservable input).

IN '000 €	2018			2019			**2020**		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Cash flow hedging – Currency									
Interest rate swaps		-211			-169			-87	
TOTAL		**-211**			**-169**			**-87**	

LEVEL 3 FAIR VALUE

Per 31 December 2020 there are no contingent considerations (2019: € 0.0 million).

26. Leases

LEASES AS LESSEE

The Group leases several sites, buildings, cars, equipment for in-theatre sales and projection equipment. If the contracts are classified as leases, they are recognised on the date on which the leased asset is available for use by the Group. On the one hand a right-of-use asset is recognised, which is depreciated on a straight-line basis over the lease term. On the other hand, a lease liability is recognised that consists of future lease payments that are discounted at the Group's average interest rate for external financing.

The discount rate applied throughout 2020 is 2.70% (2019: 2.64%). The discount rate is updated on a yearly basis and will be applied to new leases or for changes to lease agreements which are to be measured at a revised discount rate.

When determining the term of a lease, extension options which will be executed with reasonable certainty at the start of the contract, are included in the lease liabilities. For the key category, land and buildings (cinema complexes), the Group applies as a general principle a term between 15 and 20 years. This term reflects the entity's reasonable expectation of the period during which the underlying asset will be used.

The Group will only reassess the term of a lease when there has been a significant event or a significant change in circumstances, within the control of the Group. Significant events or changes in circumstances within the control of the Group include but are not limited to significant changes to the contract terms, exercise a renewal option or termination option and significant leasehold improvements.

In the context of the acquisition of the Wolff Bioscopen group in 2014, the lease of the complex in Groningen (NL) was renegotiated for a period of 17 years. The lease obligation at the start of the new contract was determined by discounting the future lease payments of the Group on the basis of the marginal interest rate of the Group, as the implicit interest rate of the lease was not available. This debt amounted to € 6.3 million at 31 December 2020 (2019: € 6.8 million). Since the application of the standard IFRS 16: Leases, the finance lease is also included under Lease liabilities.

RIGHT-OF-USE ASSETS

IN '000 €	LAND AND BUILDINGS	CARS	IN-THEATRE SALES	PROJECTION EQUIPMENT	TOTAL
Acquisition value	288 728	2 610	833		292 171
Transfer from property, plant and equipment (finance lease)	6 702				6 702
NET CARRYING AMOUNT AT 01/01/2019	**295 431**	**2 610**	**833**		**298 874**
New leases	22 038	2 123	93	3 519	27 774
Expired leases and disposals		-55			-55
Acquisitions through business combinations	72 966				72 966
Adjustments	8 575	10	40		8 625
Depreciations	-22 701	-1 290	-231	-316	-24 539
Effect of exchange rate fluctuations	13 485		56	27	13 568
Acquisition value	415 351	4 674	1 026	3 549	424 599
Depreciations and impairment losses	-25 556	-1 276	-235	-319	-27 387
NET CARRYING AMOUNT AT 31/12/2019	**389 795**	**3 397**	**790**	**3 229**	**397 212**
New leases	24 674	910		40	25 624
Expired leases and disposals	-1 203	-77			-1 280
Transfer from other categories				85	85
Adjustments	-12 477	14			-12 463
Depreciations	-24 711	-1 575	-251	-512	-27 050
Effect of exchange rate fluctuations	-19 502		-47	-98	-19 647
Acquisition value	404 582	5 120	958	3 554	414 214
Depreciations and impairment losses	-48 006	-2 451	-466	-810	-51 733
NET CARRYING AMOUNT AT 31/12/2020	**356 576**	**2 669**	**492**	**2 744**	**362 481**

LEASE LIABILITIES

IN '000 €	TOTAL
Opening balance at 01/01/2019	308 102
Transfer from loans and borrowings (finance lease)	7 389
NET CARRYING AMOUNT AT 01/01/2019	**315 491**
New leases	23 230
Interest	9 387
Repayment	-30 304
Adjustments	10 963
Acquisitions through business combinations	72 966
Effect of exchange rate fluctuations	14 411
NET CARRYING AMOUNT AT 31/12/2019	**416 143**
New leases	27 324
Early terminated leases	-1 290
Interest	10 248
Repayment	-19 492
Forgiveness of lessee's lease payments	-7 540
Adjustments	-10 868
Effect of exchange rate fluctuations	-20 913
NET CARRYING AMOUNT AT 31/12/2020	**393 612**

At 31 December 2020, the Group has a lease liability of € 393.6 million (2019: € 416.1 million) and a right-of-use asset of € 362.5 million (2019: € 397.2 million). During 2020 the lease liabilities decreased with € 22.5 million and the right-of-use assets with € 34.7 million.

NEW LEASES

The new leases mainly consist out of new leases with regard to complexes to be opened in 2021: Leidschendam in the Netherlands ('Westfield Mall of the Netherlands') (€ 11.3 million), South East Edmonton Tamarack in Canada (€ 5.2 million) and Metz Waves in France (€ 3.7 million). In addition there was a new lease agreement for the existing complex in Belval, Luxembourg (€ 4.0 million) and other buildings (€ 0.5 million).

Furthermore, new leases were concluded for cars (€ 0.9 million) and for in-theatre sales equipment (€ 0.0 million). This has resulted in a total additional lease liability of € 27.3 million and an increase of the right-of-use assets of € 25.6 million. Due to included investment contributions there is a difference of € 1.7 million between the new right-of-use assets and the new lease liabilities.

In addition, the RealD 3D equipment used by the Group is included under the right-of-use assets (€ 2.7 million). As these assets are fully prepaid, there is no outstanding lease liability for these assets.

(EARLY) TERMINATED LEASES

During 2020 some lease agreements have contractually ended. It concerns leases for the complexes of Victoria University Heights in Canada and Belval in Luxembourg. For the complex in Belval, Luxembourg the Group has already entered into a new lease in 2020. The lease for the land of the complex in Southgate in the United States has been terminated early in 2020 as a consequence of the decision to buy instead of lease this land. In addition, some leases related to cars have been terminated early throughout 2020.

ADJUSTMENTS

During 2020 a number of leases were adjusted, mainly due to changes to the contractual term or other adjustment such as indexations or new negotiations for future lease payments. In addition, the Group received investment contributions for contracts already started, which are deducted from the right-of-use assets for € 1.6 million. All this led to an adjustment of the lease liabilities of € -10.9 million and an adjustment of the right-of-use assets of € -12.5 million.

RENT CONCESSIONS AS A RESULT OF THE COVID-19 PANDEMIC

As a result of the Covid-19 pandemic, the Group has obtained rent concessions from the lessor for part of the lease agreements, mainly related to land and buildings. These rent concessions, which are a direct result of the Covid-19 pandemic, include a full or partial forgiveness or deferral of the lease liabilities. These mainly relate to the period of closure of the cinemas. Some rent concessions also include a partial forgiveness or deferral of payment for future periods.

The IASB issued Covid-19-related rent concessions (amendment to IFRS 16) on 28 May 2020. The amendment provides an optional practical expedient that permits lessees not to assess whether rent concessions that occur as a direct consequence of the Covid-19 pandemic and meet specific conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications.

The Group makes use of the optional practical expedient, and applies it retroactively to all rent concessions, that are a direct result of the Covid-19 pandemic, and meet the following conditions:

- the change in the lease payments results in revised consideration for the lease, which is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- the reduction in lease payments relates to payments originally due on or before 30 June 2021;
- no substantive changes have been made to other terms of the lease.

In 2021, the date in the second condition, as mentioned above, will be adjusted to 30 June 2022.

If the rent concessions resulting directly from the Covid-19 pandemic meet the conditions, they are treated as if they were not lease modifications. The rent concessions are then processed in the same way as a negative variable lease payment, and are therefore included in the income statement within 'Other operating income', as part of 'Operating result'. In 2020 the Group obtained € 7.5 million rent concessions that meet the conditions above.
We refer to note 4.

If the rent concessions do not meet the conditions above, they are treated as if they are lease modifications, with an adjustment of lease liabilities and right-of-use assets as a result. As a consequence, the adjustments include an increase of € 2.2 million of lease liabilities and right-of-use assets. These adjustment include on the one hand the received rent concessions and on the other hand additional substantive changes to the terms of the lease, such as an extension of the contractual term.

IMPACT ON THE CONSOLIDATED RESULT AND THE STATEMENT OF CASH FLOW

Per 31 December 2020 the Group has € 27.1 million (2019: € 24.5 million) depreciations on right-of-use assets and € 10.2 million (2019: 9.4 million) interest on lease liabilities. The Group repaid € 19.5 million lease liabilities in 2020 (2019: € 30.3 million), of which € 10.2 million (2019: € 9.4 million) was interest. Without the rent concessions as a result of Covid-19, the repayment of lease liabilities as of 31 December 2020 would have been € 27.0 million. In the consolidated statement of cash flow this can be found under 'Cash flow from financing activities'.

FINANCIAL LIABILITIES – FUTURE CASH FLOWS

The following table gives an overview of the contractual maturities of the non-discounted lease liabilities at 31 December 2020 and 31 December 2019:

IN '000 €	2019				**2020**			
	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
NON-DISCOUNTED LEASE LIABILITIES	33 764	126 221	357 188	517 173	35 948	122 521	326 591	485 059

NOT INCLUDED UNDER IFRS 16

Exemption from recognition

The Group has decided to make use of the option of exemption of recognition under IFRS 16 for short-term leases and leases in which the underlying asset has a low value. The operational lease cost related to the exempt short-term leases amounts to € 0.0 million in 2020 (2019: € 0.3 million).

Leases for which the underlying asset has a low value include cash recyclers. The operational lease cost related to these exempted leases amounts to € 0.1 million in 2020 (2019: € 0.1 million). This is classified in the consolidated statement of cash flow under 'Cash flow from operating activities'.

Variable lease liabilities
In addition, variable lease liabilities are also not recognised under IFRS 16. The total operational lease cost of this amounts to € 0.1 million in 2020 (2019: € 0.9 million). The decrease is the consequence of the Covid-19 pandemic, as variable rent is mainly dependent on realised revenue and the number of visitors. This has led to the same outgoing cash flow that is classified in the consolidated statement of cash flow under 'Cash flow from operating activities'.

The main parameters of variable lease liabilities are the realised revenue and the number of visitors. The Group has performed a sensitivity analysis with possible changes in the variable lease liabilities, estimated on the basis of a theoretical volatility of both revenue and number of visitors to be able to estimate the future impact. Since the number of visitors and revenue were impacted in 2020 as a result of the Covid-19 pandemic, these are not considered as a comparable basis and 2019 is used as the basis for the sensitivity analysis. If the revenue and the number of visitors were to increase by 10% compared to 2019, the total operational lease cost of the variable lease liability would increase to € 1.4 million. If the revenue and the number of visitors were decreased by 10% compared to 2019, the total operational lease cost of the variable lease liability would decrease to € 0.4 million.

Lease commitments already entered into
As of 31 December 2020 the Group has not entered into any other lease commitments that impact the future outgoing cash flow.

Extension options
If the Group were to exercise all possible extensions options that it has available in the contracts as of 31 December 2020, there would be an additional cash outflow of non-discounted lease liabilities of € 250.8 million over the entire term of the included contracts. As of 31 December 2020, the Group is of the opinion that these additional extension options will not yet be exercised with reasonable certainty, as a result of which they are not included in the ending balance of the lease liabilities and the non-discounted lease liability. If the Group only takes the contractually agreed extension options, the future cash outflow of the non-discounted lease liabilities would decrease from € 485.1 million to € 333.5 million.

LEASES AS LESSOR

The Group has leased out parts of its property under operational leases. The non-discounted lease payments under non-cancellable operational leases are recoverable as follows:

IN '000 €	2019	**2020**
Less than one year	8 618	8 063
Between one and two years	4 969	4 688
Between two and three years	2 847	2 843
Between three and four years	1 831	2 060
Between four and five years	1 736	1 365
More than five years	4 645	2 379
TOTAL	**24 645**	**21 398**
Minimum lease payments in the income statement with regard to operational leases	9 405	8 035
Variable lease payments in the income statement with regard to operational leases	1 067	224

The leases as lessor primarily concern the cinema complex in Poznań (PL), leased to Cinema City since January 2007 for a period of 10 years, extended by 5 years. The rent consists of a fixed and variable portion, of which the variable rent is expressed as a percentage of box office revenue. This variable rent was € 0.0 million in 2020 (2019: € 0.2 million). There is no variable rent applicable in 2020 as a consequence of the Covid-19 pandemic.

The Group also leases out part of its complexes to third parties for the exploitation of shops or cafés. These concessions have a term of 1 to 20 years (renewable), unless they are agreed for an undefined term.

In addition, the car parks of a number of complexes are leased out for a term of 1 to 15 years (renewable) or for an indefinite term in Belgium, for a period of 9 years or for an indefinite term in Luxembourg or for an indefinite term in Poland and France. A fixed rent is charged for part of these car parks. The revenue from the other car parks is variable, based on the number of parking tickets sold, adjusted for management expenses. Due to the Covid-19 pandemic the variable rent of the car parks has also decreased compared to 2019.

27. Capital commitments

At the end of 2020, the Group had material capital commitments for € 12.1 million (2019: € 13.9 million). This mainly concerns commitments with regard to the construction or finishing of new cinemas for € 10.6 million (2019: € 13.5 million) in Leidschendam (NL), South East Edmonton Tamarack (CA), and two complexes in the region of Metz (FR). Furthermore, this also relates to the commitments for the installation of recliner seats in St. Catharines (CA) for € 1.3 million (2019: € 0.0 million) and 3D equipment in the cinemas for € 0.2 million (2019: € 0.4 million).

28. Contingencies

KFD

At the end of 2020 the Group had unrecognised contractual obligations for € 2.0 million (2019: € 1.9 million). These are primarily minimum guarantee commitments of Kinepolis Film Distribution NV towards Dutch Filmworks BV for films that have not yet been released, but for which contractual obligations already exist.

29. Government grants and support measures

Government grants and support measures received as compensation for directly attributable costs are recognised as deductions from the related costs. General grants and support measures received from local governments are included under 'Other operating income'.

GOVERNMENT GRANTS

In France, the Group receives grants from the Centre National du Cinéma et de l'image Animée (CNC) for cinema related investments. These grants come from a fund financed by a contribution from cinema operators in the form of a percentage of ticket sales.

The grants are recorded in the balance sheet as liabilities, and are recognised in the result over the useful life of the related assets. We hereby refer to notes 4 and 23. The grant can be claimed from the CNC in proportion to the number of visitors. We refer to note 15 for the outstanding receivables.

GOVERNMENT GRANTS AND SUPPORT MEASURES AS A RESULT OF THE COVID-19 PANDEMIC

As a result of the outbreak of the Covid-19 virus, the governments, in the various countries where Kinepolis is active, have taken support measures.

DIRECTLY ATTRIBUTABLE GRANTS AND SUPPORT MEASURES

The Group was able to make use of the system of economic unemployment in Belgium and Spain, and of the system of wage subsidies in France, the Netherlands, Luxembourg, Canada, the United States and Switzerland. In the economic unemployment system, the wage cost does not have to be paid by the Company, but is paid directly to the employee by the government. By contrast, the wage cost in the wage subsidy system is first paid by the Company, and can subsequently be reclaimed from the government in whole or in part. We refer to note 5 for more information. In Luxembourg, the Group received an additional allowance towards wage costs when employees remained employed during the Covid-19 pandemic.

The Group obtained a rent subsidy in Canada, with part of the rent paid subsidised by the government.

In addition, Kinepolis obtained a postponement of payment through various support measures for, among other things, VAT, income taxes, local taxes, property taxes, withholding tax and social security contributions. Under certain conditions, the withholding tax, social security contributions or local taxes were (partially) waived by the local governments in the various countries. We refer to note 23 for this.

GENERAL GRANTS AND SUPPORT MEASURES

The general support measures include grants as a result of the forced closure, grants for significant loss of turnover and grants for the cultural sector. In 2020, the Group included € 6.7 million in 'Other operating income'. We refer to note 4 for this.

The general support measures consist of:

IN '000 €		2020
Belgium	Globalisation premium	795
Belgium	Flemish protection mechanism and nuisance premium	294
France	Grant for significant revenue loss	1 734
France	Remission '*taxe spéciale additionelle*' (TSA)	1 276
France	Grant received from CNC	491
Spain	Grant for the cultural sector	333
The Netherlands	Reimbursement fixed costs (TVL) and reimbursement entrepreneurs affected sectors (TOGS)	1 478
Switzerland	Others	276
TOTAL		**6 677**

30. Related parties

The transactions between the Group and its subsidiaries were eliminated in the consolidation, and are accordingly not included in this note. The transactions with other related parties are explained below.

REMUNERATION OF THE DIRECTORS AND EXECUTIVE OFFICERS

IN '000 €	2019	**2020**
Directors		
Remuneration	935	736
Executive officers (CEO)		
Short-term employee benefits	1 146	718
TOTAL	**2 081**	**1 454**

Under the Group's current 2016 stock option plan (Incentive Plan), no new options were granted to the Group's CEO, the Chairman and the Vice-Chairman of the Board of Directors in 2020. They did participate in this in 2017 (180 000 options) (we refer to note 20). We refer to the remuneration report in the Corporate Governance Statement for more information.

TRANSACTIONS WITH OTHER RELATED PARTIES
Kinohold BIS SA provides certain administrative services to the Group, for which it charged € 0.0 million in 2020 (2019: € 0.1 million).

Pentascoop NV provides a number of maintenance and transport services to the Group, for which it charged € 0.1 million in 2020 (2019: € 0.2 million).

31. Subsequent events

KINEPOLIS CONCLUDES 3-YEAR CREDIT FOR € 80.0 MILLION AND EXTENDS THE COVENANT HOLIDAY
In order to be prepared for possible longer delays before the full resumption of its activities, Kinepolis has taken out an additional loan of € 80.0 million with its main bankers for a period of 3 years. In this context, the banks also extended the suspension of the credit covenants ('covenant holiday') until 30 June 2022. These covenants – which include a maximum debt level – were replaced by a liquidity covenant following the extended suspension. In line with the existing bank credit facilities, the additional credit provides for a number of conditions that limit the disposal of assets, acquisitions and the payment of dividends above a financial debt level of 3.75. On account of its strong balance sheet, the rigorous cost control measures applied, the solid real estate position and the back-up of an 80% guarantee provided by Gigarant in Belgium, Kinepolis succeeded in concluding the additional credit at attractive commercial terms. For more information we refer to note 25.

KINEPOLIS LEIDSCHENDAM READY FOR OPENING
As soon as the situation permits, Kinepolis plans to open its new cinema in Leidschendam in the Netherlands, as part of the 'Westfield Mall of the Netherlands' project. This is a project by Unibail-Rodamco-Westfield, in which the Leidsenhage shopping centre was transformed into the largest shopping centre in the Netherlands. The cinema will have 11 screens and Kinepolis expects to receive around 500 000 visitors per year.

KINEPOLIS METZ WAVES READY FOR OPENING
Kinepolis also plans to open a new cinema in the Waves-Actisud commercial centre in Moulins-lès-Metz, France, in the first quarter of 2021. The cinema has 6 screens and around 900 seats. Kinepolis expects to receive around 300 000 visitors per year in this new French complex.

LANDMARK TAMARACK READY FOR OPENING
And in Canada, a brand new Landmark cinema will open at the 'Grove on 17' site in the Tamarack region of south-east Edmonton, Alberta, as soon as the situation permits. All eight auditoriums will be equipped with the Landmark luxury recliner seat concept in a complete stadium lay out. The new cinema will be fully equipped with Cinionic Barco laser projection and will also have a 'MarketPlace' shop, in line with the well-known Kinepolis shop concept.

32. Mandates and remuneration of the statutory auditor

The statutory auditor for the Company is KPMG Bedrijfsrevisoren, represented by Mr. F. Poesen.
The mandates and remunerations for the entire Group can be summarised as follows:

IN '000 €	2019	**2020**
Remuneration of the statutory auditor	310	292
Other audit-related services	86	38
Other assignments outside the audit assignments	10	10
Remuneration for exceptional services or special assignments performed within the Company and its subsidiaries by the statutory auditor	96	48
Remuneration for persons associated with the statutory auditor for the performance of a mandate as statutory auditor	537	522
Other audit-related services	2	
Tax advisory services	23	23
Other assignments outside the audit assignments [1]	9	256
Remuneration for exceptional services and special assignments performed within the Company and its subsidiaries by persons associated with the statutory auditor	34	279
TOTAL	**976**	**1 141**

(1) Including a provision of K€ 230 for work not yet completed related to the NOW-audit.

33. Group entities

LIST OF THE FULLY CONSOLIDATED COMPANIES

COUNTRY	NAME	MUNICIPALITY	VAT OR COMPANY REGISTRATION NUMBER	% 2019	% 2020
Belgium	Brightfish NV	Brussels	BE 0450 523 725	100	100
	Kinepolis Braine SA	Braine-L'Alleud	BE 0462 688 911	100	100
	Kinepolis Film Distribution (KFD) NV	Brussels	BE 0445 372 530	100	100
	Kinepolis Financial Services NV	Brussels	BE 0886 547 831	100	100
	Kinepolis Group NV	Brussels	BE 0415 928 179	100	100
	Kinepolis Immo Hasselt NV	Hasselt	BE 0455 729 358	100	100
	Kinepolis Immo Multi NV	Brussels	BE 0877 736 370	100	100
	Kinepolis Liège NV	Hasselt	BE 0459 469 796	100	100
	Kinepolis Mega NV	Brussels	BE 0430 277 746	100	100
	Kinepolis Multi NV	Kortrijk	BE 0434 861 589	100	100
Canada	Kinepolis Canada LTD	Calgary	CA 2020 757 353	100	100
	Landmark Cinemas Holding LTD	Calgary	CA 2020 757 536	99,02	99,02
	Landmark Cinemas Canada LP	Calgary	CA 2017 564 317	99,02	99,02
	Landmark Cinemas Canada GP	Calgary	CA 2017 564 317	100	100
France	Eden Panorama SA	Lomme	FR 02340483221	100	100
	Forvm Kinepolis SA	Nîmes	FR 86421038548	100	100
	Kinepolis Bourgoin SA	Bourgoin-Jallieu	FR 65779487297	100	100
	Kinepolis France SAS	Lomme	FR 20399716083	100	100
	Kinepolis Film Distribution France SAS	Lomme	FR 43789848280	100	100
	Kinepolis Immo St. Julien-lès-Metz SAS	Metz	FR 51398364463	100	100
	Kinepolis Immo Thionville SA	Thionville	FR 10419162672	100	100
	Kinepolis Le Château du Cinéma SAS	Lomme	FR 60387674484	100	100
	Kinepolis Mulhouse SA	Mulhouse	FR 18404141384	100	100
	Kinepolis Nancy SAS	Nancy	FR 00428192819	100	100
	Kinepolis Prospection SAS	Lomme	FR 45428192058	100	100
	Kinepolis St. Julien-lès-Metz SAS	Metz	FR 43398364331	100	100
	Kinepolis Thionville SAS	Thionville	FR 09419251459	100	100
	Utopolis Longwy SAS	Longwy	FR 21432763563	100	100
Luxembourg	Utopolis Belval SA	Luxembourg	LU 220 75 333	100	100
	Majestiek International SA	Luxembourg	LU 19942206638	100	100
	Utopia SA	Luxembourg	LU 160 90 380	100	100

COUNTRY	NAME	MUNICIPALITY	VAT OR COMPANY REGISTRATION NUMBER	% 2019	% 2020
The Netherlands	Kinepolis Immo BV	Utrecht	NL 003182794B01	100	100
	Kinepolis Rotterdam BV	Utrecht	NL 808810261B01	100	100
	Kinepolis Bioscopen Holding BV	Utrecht	NL 822624382B01	100	100
	Kinepolis Enschede BV	Utrecht	NL 808883574B01	100	100
	Kinepolis Groningen BV	Utrecht	NL 816165774B01	100	100
	Kinepolis Huizen BV	Utrecht	NL 820697230B01	100	100
	Kinepolis Exploitatie BV	Utrecht	NL 819683036B01	100	100
	Kinepolis UBOS BV	Utrecht	NL 856681866B01	100	100
	Kinepolis Immo Schagen BV	Utrecht	NL 815246353B01	100	100
	Kinepolis Cinemagnus Schagen BV	Utrecht	NL 815293446B01	100	100
	Kinepolis Immo Hoofddorp BV	Utrecht	NL 821608563B01	100	100
	Kinepolis Cinemeerse Hoofddorp BV	Utrecht	NL 821608666B01	100	100
	City Monumenten Utrecht BV	Utrecht	NL 002611375B01	100	100
	NH Haarlem BV	Utrecht	NL 855813593B01	100	100
	Cineschalkstad BV	Utrecht	NL 855814275B01	100	100
	Utopia Nederland BV	Almere	NL 804687237B03	100	100
	Utrechtse Film Onderneming 'Ufio' BV	Utrecht	NL 003182812B01	100	100
	Kinepolis Immo Spijkenisse BV	Utrecht	NL 810523358B01	100	100
	Kinepolis Spijkenisse BV	Utrecht	NL 800351575B01	100	100
Poland	Kinepolis Poznań Sp.z o.o.	Poznań	NIP 5252129575	100	100
Spain	Kine Invest SA	Pozuelo de Alarcon	ESA 824 896 59	100	100
	Kinepolis España SA	Pozuelo de Alarcon	ESA 814 870 27	100	100
	Kinepolis Granada SA	Pozuelo de Alarcon	ESA 828 149 55	100	100
	Kinepolis Jerez SA	Pozuelo de Alarcon	ESA 828 149 22	100	100
	Kinepolis Madrid SA	Pozuelo de Alarcon	ESA 828 149 06	100	100
	Kinepolis Paterna SA	Pozuelo de Alarcon	ESA 828 149 14	100	100
	Cines Llobregat SL	Madrid	NIF B651 443 70	100	100
	Cines El Punt SA	Madrid	NIF A621 222 21	100	100
	Restauració Al Punt SL	Madrid	NIF B625 860 03	100	-
United States	Kinepolis US Inc	Michigan	EIN 61-1936179	100	100
	MJR Group LLC	Michigan	EIN 38-3367945	100	100
	MJR Sterling Heights LLC	Michigan	EIN 46-3910496	100	100
Switzerland	Kinepolis Schweiz AG	Schaffhausen	CH 2903013216-5	100	100

CHANGES IN THE CONSOLIDATION SCOPE

During the financial year 2020 the company Restauració Al Punt SL was merged with the company Cines El Punt SA.

Statutory auditor's report

to the General Meeting of Kinepolis Group NV on the consolidated financial statements as of and for the year ended 31 December 2020

In the context of the statutory audit of the consolidated financial statements of Kinepolis Group NV ('the Company') and its subsidiaries (jointly 'the Group'), we provide you with our statutory auditor's report. This includes our report on the consolidated financial statements for the year ended 31 December 2020, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the General Meeting of 8 May 2019, in accordance with the proposal of the board of directors issued on the recommendation of the audit committee and as presented by the workers' council. Our mandate will expire on the date of the General Meeting deliberating on the annual accounts for the year ended 31 December 2021. We have performed the statutory audit of the consolidated financial statements of the Group for 23 consecutive financial years.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

UNQUALIFIED OPINION

We have audited the consolidated financial statements of the Group as of and for the year ended 31 December 2020, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2020, the consolidated income statement, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flow and the consolidated statement of changes in equity for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR 1.168.180.(000) and the consolidated income statement shows a loss for the year of EUR 69.111.(000).

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and financial position as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

BASIS FOR OUR UNQUALIFIED OPINION

We conducted our audit in accordance with International Standards on Auditing ('ISAs') as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB and applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the 'Statutory auditors' responsibility for the audit of the consolidated financial statements' section of our report. We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER – COVID-19 – GOING CONCERN ASSUMPTION

We draw attention to notes 1 'Significant accounting policies – Going concern principle' and 25 'Risk management and financial instruments – liquidity risk' to the consolidated financial statements which describe the impact of the Covid-19 pandemic on the operations and financial situation of the Group, as well as the measures taken by the Group. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of intangible assets, property, plant and equipment, right-of-use assets and goodwill

We refer to note 10 section 'Non-financial assets and business combinations' of the consolidated financial statements.

Description
As set out in note 10, 'Non-financial assets and business combinations', the Group performed an impairment assessment over intangible assets, property, plant and equipment ('PPE'), right-of-use assets and goodwill. This assessment was performed for each of the smallest groups of assets that generate largely independent cash flows (the cash-generating unit or 'CGU'). The Group has defined a CGU as the country. The Group determined the recoverable value of a CGU as the higher of its value in use ('VIU') which is based on discounted estimated future cash flows and its fair value less costs to sell as determined by an external valuation expert.

Intangible assets, property, plant and equipment ('PPE'), right-of-use assets and goodwill represent 91% of the Group's total assets as of 31 December 2020. Determining the amount of impairment losses to be recorded, if any, requires the Group to exercise significant judgment and make important assumptions, particularly in relation to:

- the determination of the Group's CGUs;
- the estimation of a CGU's value-in-use, including the estimation of future cash flows and the applicable discount rates.

Our audit procedures
With the assistance of our valuation specialists, we performed the following audit procedures:

- we evaluated the appropriateness of the accounting treatment used by management based on the relevant accounting standard (IAS 36 Impairment of Assets);
- we challenged management's assessment of potential indicators of impairment of intangible assets, property, plant and equipment ('PPE'), right-of-use assets and goodwill based on our own expectations developed from our knowledge of the Group and our understanding of internal and external factors relevant to the Group, the Group's business and the industry in which the Group operates;
- we challenged management's identification of CGUs with reference to our understanding of the Group's business and the requirements of the prevailing accounting standards;
- where a CGU required testing, we challenged key inputs and data used in the valuation model such as forecasted revenues, operating costs, maintenance capital expenditure, and respective weighted average cost of capital based on our knowledge of the business and the cinema industry. We assessed the Group's historical ability to forecast cash flows, and challenged the reasonableness of current forecasts given the future strategy of the Group and our understanding of the Group's past performance;
- we verified the mathematical accuracy of the discounted cash flow model;
- we performed sensitivity analyses on the respective weighted average cost of capital and the forecasted cash flows used by the Group to assess what change thereto would result in a different conclusion being reached, and assessing whether there were any indications of management bias in the selection of these assumptions; and
- we assessed the appropriateness of the Group's disclosures in respect of impairment of intangible assets, property, plant and equipment ('PPE'), right-of-use assets and goodwill as included in note 10 to the consolidated financial statements.

BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS
The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

STATUTORY AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium. The scope of the statutory audit of the consolidated financial statements does not extend to providing assurance on the future viability of the Group nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Group. Our responsibilities regarding the going concern basis of accounting applied by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors;
- Conclude on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

RESPONSIBILITIES OF THE BOARD OF DIRECTORS
The board of directors is responsible for the preparation and the content of the board of directors' annual report on the consolidated financial statements, the statement of the non-financial information attached to the board of directors' annual report on the consolidated financial statements and the other information included in the annual report.

STATUTORY AUDITOR'S RESPONSIBILITIES
In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors' annual report on the consolidated financial statements, the statement of the non-financial information attached to the board of directors' annual report on the consolidated financial statements and the other information included in the annual report, and to report on these matters.

ASPECTS CONCERNING THE BOARD OF DIRECTORS' ANNUAL REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT
Based on specific work performed on the board of directors' annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the consolidated financial statements and other information included in the annual report:

- Part I – Company Report
- Part III – Financial Report: Key figures and ratios and share information

contain material misstatements, or information that is incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

The non-financial information required by article 3:32 §2 of the Companies' and Associations' Code has been included in a separate report attached to the board of directors' annual report on the consolidated financial statements, specifically Part II – Sustainability report of the annual report. This report on the non-financial information contains the information required by article 3:32 §2 of the Companies' and Associations' Code and is consistent with the consolidated financial statements for the same period. The Company has prepared this non-financial information based on ISO26000. In accordance with art 3:80 §1, 1st paragraph, 5° of the Companies' and Associations' Code, we do not comment on whether this non-financial information has been prepared in accordance with ISO26000 mentioned in the board of directors' annual report on the consolidated financial statements.

INFORMATION ABOUT THE INDEPENDENCE
- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated accounts and our audit firm remained independent of the Group during the term of our mandate.
- The fees for the additional engagements which are compatible with the statutory audit referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

OTHER ASPECT
This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Antwerp, 1 April 2021

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Statutory auditor
represented by

Frederic Poesen
Bedrijfsrevisor / Réviseur d'Entreprises

Condensed financial statements of Kinepolis Group NV

The following information is an extract from the statutory financial statements of Kinepolis Group NV, drawn up in accordance with the Belgian accounting principles. These statutory financial statements, together with the report of the Board of Directors to the General Shareholders Meeting and the auditor's report, will be filed with the National Bank of Belgium within the legal deadline.

It should be noted that only the consolidated financial statements as presented above give a true and fair view of the financial position and performance of Kinepolis Group NV.

As Kinepolis Group NV is essentially a holding company that accounts for its investments at cost in its statutory financial statements, these separate financial statements only give a limited view of the financial position of Kinepolis Group NV. The Board of Directors has therefore deemed it appropriate to present only a condensed unconsolidated balance sheet and income statement, prepared according to the Belgian accounting principles for the year ended 31 December 2020.

The statutory auditor's report is 'unqualified', and confirms that the statutory financial statements of Kinepolis Group NV, prepared in accordance with Belgian accounting principles for the year ending 31 December 2020, give a true and fair view of the financial position of Kinepolis Group NV in accordance with all legal and regulatory provisions.

The statutory financial statements of Kinepolis Group NV can be obtained free of charge from the website of the National Bank of Belgium (www.nbb.be), in the section 'Central Balance Sheet Office', subsection 'Consult' or can be requested free of charge from Investor Relations.

CONDENSED UNCONSOLIDATED BALANCE SHEET OF KINEPOLIS GROUP NV

IN '000 €	2019	**2020**
Non-current assets	551 705	547 653
Intangible assets	6 258	5 460
Property, plant and equipment	1 708	1 124
Financial fixed assets	543 739	541 069
Current assets	68 809	34 818
TOTAL ASSETS	**620 513**	**582 470**
Equity	137 903	83 510
Issued capital	18 952	18 952
Share premiums	1 154	1 154
Legal reserves	1 895	1 895
Unavailable reserves	22 803	14 817
Available reserves	7 050	7 050
Profit carried forward	86 049	39 641
Provisions and deferred taxes	26	33
Non-current loans and borrowings	461 931	473 022
Current loans and borrowings	9 180	16 655
Accrued charges and deferred income	11 473	9 250
TOTAL EQUITY AND LIABILITIES	**620 513**	**582 470**

CONDENSED UNCONSOLIDATED INCOME STATEMENT OF KINEPOLIS GROUP NV

IN '000 €	2019	**2020**
Operating income	115 703	17 369
Operating expenses	-48 198	-53 696
OPERATING RESULT	**67 505**	**-36 327**
Financial result	2 590	-23 609
Current tax expenses	-16 147	5 542
PROFIT / (LOSS) FROM THE FINANCIAL YEAR FOR APPROPRIATION	**53 947**	**-54 394**

APPROPRIATION OF THE RESULTS OF KINEPOLIS GROUP NV

IN '000 €	2019	**2020**
Profit / (loss) from the fiscal year for appropriation	53 947	-54 394
Profit carried forward from previous financial year	34 810	86 049
Transfer to / (from) equity:		
- to the unavailable reserves	2 708	-7 985
Profit to be carried forward	86 049	39 641

MANDATES AND REMUNERATION OF THE STATUTORY AUDITOR OF KINEPOLIS GROUP NV

IN '000 €	2019	**2020**
Remuneration of the statutory auditor(s) for the performance of a mandate as statutory auditor	186	172
Other audit-related services	82	38
Other assignments outside the audit assignments	10	6
Remuneration for exceptional services or special assignments performed within the Company by the statutory auditor(s)	91	45
Tax advisory services	23	24
Remuneration for exceptional services or special assignments performed within the Company by persons associated with the statutory auditor(s)	23	24
TOTAL	**300**	**240**

Reconciliations

ADJUSTMENTS

IN '000 €	2019	**2020**
EBITDA	-1 808	-304
Depreciations, amortisations and impairment losses	-967	-249
Provisions	-146	128
Financial result		24
Income tax expenses	1 290	-32
NET IMPACT OF ADJUSTMENTS	**-1 631**	**-433**

RECONCILIATION OF ADJUSTED RESULT

IN '000 €	2019	**2020**
Operating result	101 037	-65 663
Financial result	-23 726	-26 052
Result before tax	77 311	-91 715
Income tax expenses	-22 939	22 604
Result for the period	54 372	-69 111
Net impact of adjustments	1 631	433
ADJUSTED RESULT FOR THE PERIOD	**56 003**	**-68 678**

RECONCILIATION OF EBITDAL

IN '000 €	2019	**2020**
EBITDA	172 339	17 188
Costs related to lease contracts (excl. rent abatements and common charges)	-29 982	-31 169
EBITDAL	**142 357**	**-13 981**

RECONCILIATION OF ADJUSTED EBITDAL

IN '000 €	2019	**2020**
EBITDAL	142 357	-13 981
Impact of adjustments on EBITDA	1 808	304
ADJUSTED EBITDAL	**144 166**	**-13 677**

RECONCILIATION ADJUSTED EBITDA VS EBITDA

IN '000 €	2019	**2020**
Operating result	101 037	-65 663
Depreciations and amortisations	70 734	80 442
Provisions and impairments	568	2 409
EBITDA	172 339	17 188
Impact of adjustments on EBITDA	1 808	304
ADJUSTED EBITDA	**174 148**	**17 492**

RECONCILIATION OF NET FINANCIAL DEBT

IN '000 €	2019	**2020**
Financial debt	905 870	940 204
Cash and cash equivalents	-72 473	-33 007
Tax shelter investments	-304	-304
NET FINANCIAL DEBT	**833 093**	**906 892**

RECONCILIATION OF NET FINANCIAL DEBT EXCL. LEASE LIABILITIES

IN '000 €	2019	**2020**
Financial debt excl. lease liabilities	489 727	546 593
Cash and cash equivalents	-72 473	-33 007
Tax shelter investments	-304	-304
NET FINANCIAL DEBT EXCL. LEASE LIABILITIES	**416 950**	**513 281**
Impact of lease liabilities	416 143	393 611
NET FINANCIAL DEBT	**833 093**	**906 892**

RECONCILIATION FREE CASH FLOW

IN '000 €	2019	**2020**
Cash flow from operating activities	176 642	-16 166
Income taxes paid	-25 718	-4 074
Maintenance capital expenditures for intangible assets, property, plant and equipment and investment property	-20 956	-5 565
Interest paid / received	-12 882	-14 496
Payment of lease liabilities	-26 917	-16 152
FREE CASH FLOW	**90 169**	**-56 453**

RECONCILIATION ROCE

IN '000 €	2019	**2020**
Operating result	101 037	-65 663
Impact of adjustments on EBIT	2 921	425
Adjusted EBIT	103 958	-65 238
Average non-current assets	853 598	1 123 082
Average deferred tax assets	-1 327	-8 002
Average assets classified as held for sale	4 379	884
Average inventories	5 384	4 858
Average trade receivables	38 515	28 804
Average trade payables	-96 187	-82 760
Capital employed	804 362	1 066 866
RETURN ON CAPITAL EMPLOYED (ROCE)	**12.9%**	**-6.1%**

RECONCILIATION ROCE EXCL. IFRS 16

IN '000 €	2019	**2020**
Operating result + IFRS 16 depreciations – costs related to lease contracts (excl. rent abatements and common charges)	95 279	-69 784
Impact of adjustments on EBIT	2 921	425
Adjusted EBIT excl. IFRS 16	98 200	-69 359
Average non-current assets excl. right-of-use assets	654 992	743 236
Average deferred tax assets excl. impact IFRS 16	-1 594	-7 337
Average assets classified as held for sale	4 379	884
Average inventories	5 384	4 858
Average trade receivables	38 515	28 804
Average trade payables	-96 187	-82 760
Capital employed excl. IFRS 16	605 490	687 684
RETURN ON CAPITAL EMPLOYED (ROCE) EXCL. IFRS 16	**16.2%**	**-10.1%**

RECONCILIATION CURRENT RATIO

IN '000 €	2019	**2020**
Current assets	134 779	71 059
Current liabilities	179 168	190 916
CURRENT RATIO	**0.75**	**0.37**

RECONCILIATION CURRENT RATIO EXCL. CURRENT LEASE LIABILITIES

IN '000 €	2019	**2020**
Current assets	134 779	71 059
Current liabilities excl. current lease liabilities	146 077	155 621
CURRENT RATIO EXCL. CURRENT LEASE LIABILITIES	**0.92**	**0.46**

RECONCILIATION CAPITAL EXPENDITURE ACCORDING TO THE STATEMENT OF CASH FLOW

IN '000 €	2019	**2020**
Acquisition of intangible assets	2 637	1 848
Acquisition of property, plant and equipment and investment property	60 067	43 372
Advance lease payments	3 519	40
Acquisition of subsidiaries, net of cash acquired	173 930	87
Proceeds from sale of investment property, intangible assets and property, plant and equipment	-5 942	-995
TOTAL CAPITAL EXPENDITURE ACCORDING TO THE STATEMENT OF CASH FLOW	**234 211**	**44 352**

RECONCILIATION GEARING RATIO

IN '000 €	2019	**2020**
Net financial debt	833 093	906 892
Equity	211 253	126 496
GEARING RATIO	**3.94**	**7.17**

RECONCILIATION GEARING RATIO EXCL. LEASE LIABILITIES

IN '000 €	2019	**2020**
Net financial debt excl. lease liabilities	416 950	513 281
Equity	211 253	126 496
GEARING RATIO EXCL. LEASE LIABILITIES	**1.97**	**4.06**

Glossary and APMs

The glossary below also contains Alternative Performance Measures (APMs) that are aimed to improve the transparency of financial information.

Gross result
Revenue – cost of sales

Operating result (EBIT)
Gross result – marketing and selling expenses – administrative expenses + other operating income – other operating expenses

Adjusted operating result
Operating result after eliminating adjustments; is used to reflect the operating result from normal operating activities

EBITDA
Operating result + depreciations + amortisations + impairments + movements in provisions

EBITDAL
EBITDA less costs related to lease contracts (excl. rent abatements and common charges)

Adjusted EBITDA
EBITDA after eliminating adjustments; is used to reflect the EBITDA from normal operating activities

Adjustments
This category primarily includes results from the disposal of fixed assets, impairment losses on assets, provisions, costs from restructuring and acquisitions and other exceptional income and expenses

Financial result
Financial income – financial expenses

Effective tax rate
Income tax expenses / result before tax

Adjusted result
Result for the period after eliminating adjustments; is used to reflect the result from normal operating activities

Result for the period, share of the Group
Result attributable to equity holders of the Company

Basic result per share
Result for the period, share of the Group / (average number of outstanding shares – average number of treasury shares)

Diluted result per share
Result for the period, share of the Group / (average number of outstanding shares – average number of treasury shares + number of possible new shares that must be issued under the existing share option plans x dilution effect of the share option plans)

Dividend
Payment of the result of a company to its shareholders

Pay-out ratio
The pay-out ratio indicates which part of the net result is being paid to the shareholders

Capital expenditure
Capitalised investments in intangible assets, property, plant and equipment and investment property

Gross financial debt
Non-current and current financial liabilities

Net financial debt
Financial debt after deduction of cash and cash equivalents and tax shelter investments

Net financial debt excl. lease liabilities
Financial debt excluding lease liabilities after deduction of cash and cash equivalents and tax shelter investments

ROCE (Return on capital employed)
Adjusted EBIT / (average non-current assets – average deferred tax assets + average assets classified as held for sale + average trade receivables + average inventories – average trade payables)

Current ratio
Current assets / current liabilities

Free cash flow
Cash flow from operating activities – maintenance capital expenditures for intangible assets, property, plant and equipment and investment property – interest paid

Financial calendar 2021-2022

THURSDAY

29

Apr 2021

PUBLICATION
BUSINESS UPDATE
Q1 2021

WEDNESDAY

12

May 2021

GENERAL MEETING
KINEPOLIS GROUP NV

THURSDAY

19

Aug 2021

PUBLICATION HALF-YEAR
RESULTS 2021

PRESENTATION TO PRESS
AND ANALYSTS

THURSDAY

28

Oct 2021

PUBLICATION
BUSINESS UPDATE
Q3 2021

THURSDAY

17

Feb 2022

PUBLICATION
ANNUAL RESULTS 2021

PRESENTATION TO PRESS
AND ANALYSTS

These dates are subject to change.

For adjustments to the financial calendar, please refer to the website:
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This Financial Report is available in
Dutch and English.

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